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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023 _____

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001-41051 _____

BLACKBOXSTOCKS INC.

(Exact name of registrant as specified in its charter)

Nevada

45-3598066

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

5430 LBJ Freeway, Suite 1485 , Dallas , Texas

75240

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(972) 726-9203

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<u>Common Stock, par value \$0.001</u>	<u>BLBX</u>	<u>The NASDAQ Capital Market</u>

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect a correction of an error in previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates (2,254,793 shares of common stock) as of June 30, 2023 was \$ 6,764,379 (computed by reference to the price at which the common equity was last sold (\$5.92) as of the last business day of the registrant's most recently completed second fiscal quarter). For purposes of the foregoing calculation only, directors, executive officers, and holders of 10% or more of the issuer's common capital stock have been deemed affiliates.

As of March 29, 2024, 3,226,145 shares of common stock, par value \$0.001 per share, were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

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INTRODUCTORY COMMENT

Throughout this Annual Report on Form 10-K (the "Report"), the terms "we," "us," "our," "Blackbox," "Blackboxstocks," or the "Company" refers to Blackboxstocks Inc., a Nevada corporation.

"Blackboxstocks," the Blackboxstocks design logo and the trademark or service marks of Blackboxstocks, Inc. appearing in this Report are the property of Blackboxstocks, Inc. Trade names, trademarks and service marks of other companies that may appear in this report are the property of their respective holders. We have omitted the ® and ™ designations, as applicable, for the trademarks used in this Report.

FORWARD LOOKING STATEMENTS

When used in this Report, the words "may," "will," "expect," "anticipate," "continue," "estimate," "intend," and similar expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") regarding events, conditions and financial trends which may affect the Company's future plans of operations, business strategy, operating results and financial position. Such statements are not guarantees of future performance and are subject to risks and uncertainties described herein and actual results may differ materially from those included within the forward-looking statements. Additional factors are described in the Company's other public reports and filings with the Securities and Exchange Commission (the "SEC"). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publicly release the result of any revision of these forward-looking statements to reflect events or circumstances after the date they are made or to reflect the occurrence of unanticipated events.

This Report contains certain estimates and plans related to us and the industry in which we operate, which assume certain events, trends and activities will occur and the projected information based on those assumptions. We do not know that all of our assumptions are accurate. If our assumptions are wrong about any events, trends and activities, then our estimates for future growth for our business may also be wrong. There can be no assurance that any of our estimates as to our business growth will be achieved.

The following discussion and analysis should be read in conjunction with our financial statements and the notes associated with them contained elsewhere in this Report. This discussion should not be construed to imply that the results discussed in this Report will necessarily continue into the future or that any conclusion reached in this Report will necessarily be indicative of actual operating results in the future. The discussion represents only the best assessment of management.

PART I**Item 1. Business****Overview of Business**

We have developed a financial technology and social media hybrid platform offering real-time proprietary analytics and news for stock and options traders of all levels combined with a social media element and educational materials. Our web-based platform and native iOS and Android applications (the "Blackbox System") employ "predictive technology" enhanced by artificial intelligence to find volatility and unusual market activity that may result in the rapid change in the price of a stock or option. We continuously scan the New York Stock Exchange ("NYSE"), NASDAQ, Chicago Board Options Exchange (the "CBOE") and other options markets, analyzing over 10,000 stocks and over 1,500,000 options contracts multiple times per second. We provide our subscribing members with a fully interactive audio and text based social media platform that is integrated into our dashboard, enabling our members to exchange information and ideas quickly and efficiently through a common network. We believe that the Blackbox System is a disruptive financial technology platform that uniquely integrates proprietary analytics with a community supported by a broadcast enabled social media system which connects traders of all kinds worldwide on an intuitive and user-friendly platform.

Our goal is to provide retail investors with the type of sophisticated trading tools that were previously available only to large institutional hedge funds and high-frequency traders together with an interactive community of traders and investors of all levels at an affordable price. We also strive to provide these trading tools in a user-friendly format that does not require complicated configurations by the user.

We employ a subscription-based Software as a Service ("SaaS") business model and maintain a growing base of members that spans over 40 countries. We currently offer monthly subscriptions to our platform for \$99 per month and annual subscriptions for \$959 per year.



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Our Mission

Our mission is to provide powerful proprietary analytics in a simple and concise format to level the playing field for the average retail investor. We strive to educate our members through our live trading community as well as our scheduled, calendared classes with live instructors. We want every member to feel they are part of a team with the goal of improving financial literacy. We believe that we are the antithesis of the “trading guru” platforms that feature a trading or investing expert that charges for what are often expensive courses. We do not charge for our classes. We do not upsell our members. All education and community programs are free with the subscription to our platform.

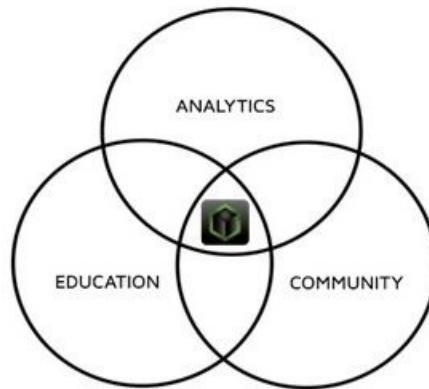
Revenue Model

We generate revenue from a software as a service (or SaaS) model whereby members pay either an annual or monthly fee for a subscription to our platform. We do not currently offer more than one level of subscription with varying levels of features. All members have full access to all of the features and educational resources of our platform.

Monthly subscriptions are currently priced at \$99 and annual subscriptions are currently priced at \$959 (a discount of \$241). We occasionally offer gift cards and promotional discounts on our subscriptions.

Development of the Blackbox System

The Blackbox System was launched and made available for use to subscribing customers worldwide in September 2016. The initial product was a web-based platform focused on providing proprietary analytics and broadcast enabled social media for our community of members. In 2022 we launched full-featured native iOS and Android applications. Our product offering is comprised of three key elements: stock and options trading analytics, social media interaction, and educational programs and resources.



Stock and Options Trading Analytics

Our preconfigured dashboard is designed to be simple and easy to navigate and includes real-time proprietary alerts, stock and options scanners, financial news, institutional grade charting, and our proprietary analytics that can be utilized by traders of all levels. Our Blackbox System populates the stock and option data in real time and provides a wide range analytics and tools for traders. We offer many of the standard market tool features used by traders but differentiate our product with an array of unique proprietary features and derived data. These proprietary features are designed to filter out “market noise” and locate, in real-time, specific stocks and options that are likely to become market movers.

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Standard Features (Including but not limited to)

- Real Time NYSE/NASDAQ Market Data
- Real Time OPRA Options Trade Data
- Real Time Streaming Market News Feed
- Symbol Specific News
- Options News and Upgrades/Downgrades
- Institutional Grade Charts
- Multi-Chart Capability
- Earnings and Dividend Dates
- Daily Advancers / Decliners Scanner
- User-specific Watch List

Proprietary and Advanced Features (Including but not limited to)

- Real Time Algorithm Driven Stock & Options Alerts
- User Defined Symbol Specific Alert Criteria
- Options Flow Scanner / Heatmap
- Pre-Configured Pre/Post Market Scanners
- Stock and Option Volume Ratio Scanner
- Volatility Indicator
- Dark Pool Analysis
- Insider Buying Analysis
- Gamma Exposure
- FINRA Short Interest Analysis
- Net Options Delta and Dollar Flow
- Feature Rich Text- and Audio-based Social Media Components

Added in 2023:

- Added GoNoGo Trend® indicator
- Added Team Trades Push Alerts
- Added Ability to Create and Manage Watchlists in the Mobile Application
- Optimized and Improved the Mobile Version of the Website
- Added a Pro Tier
- Added Additional Filters and Layouts to Extend Functionality of the Application

In 2022 and 2023, we added several new proprietary and advanced studies to the Blackbox system to help both options and stock traders. These studies encompass advanced data tools with real time data that are easy for traders of all levels to use.

Dark Pool Analysis: we added dark pool trades on our charting system that updates in real time. Dark Pools are privately organized financial forums or exchanges for securities trading. Using our system, traders can easily see levels where large institutions or funds are trading. The Dark Pool Volume Profile is an indicator that visually displays a Dark Pool transaction directly on to the chart. The Volume Profile bar is overlayed at the price level at which the Dark Pool transaction is executed. The length of the volume profile is a visual representation of the share size of the dark pool transaction. The Dark Pool Volume Profile will also display historical activity when you change the time frame.

Insider Buying Analysis: we use the EDGAR portal to access all Form 4's filed and update our charts where you find insiders buying stocks. This is a powerful tool for traders to easily see where the insiders or management are buying.

Gamma Exposure (GEX): Gamma is a measure of the rate of change of an options delta and it represents the rate at which an options delta will change as the price of the underlying changes. This proprietary study tracks the Gamma levels of all strike prices in real time by displaying a green/red bar at the strike prices. The day opens with the gamma levels from Open Interest and will adjust accordingly throughout the day as options are bought and sold. Finding the largest levels of Gamma Exposure (GEX) can serve as potential levels of support and/or resistance.

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FINRA Short Interest Analysis: all the FINRA short interest data for stocks is plotted on our charts to let traders see how the shorting ratio of trades in the dark pools has changed over time.

Net Options Delta and Dollar Flow: This BlackBox proprietary study shows you the daily Net Options Delta (NOD) on a ticker. The delta of a net options position is the ratio of the change in the value of the position to the change in the price of the underlying asset. In other words, it is a measure of how much the value of the options position will change for a small change in the price of the underlying asset. Every single option trade is calculated in real time and the NOD of the stock is updated. This is further broken down into Put and Call NOD. Options dollar flow is a metric that measures the net flow of money into or out of options contracts. It is calculated by taking the difference between the total premium paid for call options and the total premium paid for put options. Positive dollar flow indicates a bullish sentiment, while in turn a negative dollar flow would indicate a bearish sentiment. This proprietary BlackBox study breaks down the dollar flow into three expiration time frames from near term, monthly and total.

Go/No-Go Study: We added the GoNoGo Trend ® indicator that provides a simple colored study available in our charts that displays the strength of a stock's momentum using multiple technical factors.

Team Trade Push Alerts: We provided access to push alert notifications so that our members could get real time alerts on their mobile devices of the trades made by their favorite Blackbox Team Trader(s).

Watchlists for our Mobile Application: We improved our mobile application to include the capability to add watchlists. This feature allows our members to quickly analyze their specific portfolio positions using our powerful mobile application while on the go.

Pro Tier Capability: We added a pro-tier capability allowing professional traders to subscribe to our platform. Professional traders are required to pay substantially higher fees than retail traders for the exchange data we provide them. Due to these higher fees, most applications such as Blackbox are unable to provide access to their systems as it is not economically viable. We now have a new onboarding system that allows us to provide professional traders the ability to use our system.

Brokerage Integrations

We have trading integrations with the online brokerages E*Trade and TradeStation. These integrations allow our members to execute trades through E*Trade or TradeStation directly from our platform. Our members that use this integration feature have access to certain custom tools. One of these tools is a "quick-click" feature that loads our system's stock and options alerts with two simple clicks, greatly reducing the time it takes for order entry. This feature is especially helpful for the order entry of option contracts, as they are detailed, lengthy, and cumbersome to enter. The system has been designed to quickly integrate with new brokers and we intend to expand the number of brokerages with whom we have trading integrations in the future.

Education

We offer all members full access to our curriculum of classes, orientations, and live market sessions. All of our education programs are free to our members. Our curriculum includes classes for beginner, intermediate, and advanced-level traders. We believe education is vital to increasing the probability of our members long term success in the markets. We have many regularly calendared live webinars, Q&A sessions, as well as recorded classes. In addition to our regularly calendared classes, we often feature ad hoc classes taught by seasoned members of our community. The educators of these classes often specialize in specific market sectors or trading strategies. Classes and webinar events offered to our members include but are not limited to:

Beginner	Intermediate	Advanced
Blackbox Intro Live	Dark Pool Basics	Options Adjustments
Intro to the Market	Technical Analysis 101	Understanding options for a Bull & Bear Market
Charting 101	Blackbox Trading System -Stocks	Options Strategies for Higher Volatility
Stock Basics	Blackbox Trading System -Options	Insights for Options Core Concepts
	Understanding Options Flow	Short Term Options Explained
		Implied & Historical Volatility
		Options Pricing Explained

In addition to our internal curriculum, we have partnered with the Options Industry Council (OIC), a nonprofit organization funded by the Options Clearing Corporation (OCC) with the mission of providing the investing public a better understanding of the options markets. Classes taught by the OIC to our members include but are not limited to:

- The Greeks Part I
- The Greeks Part II
- Implied Volatility
- Short Term Options Explained
- Options Pricing Explained

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One of the most attractive aspects of our education program is that the classes are taught by members of our community. The student members who take these are often familiar with the instructor from following them in live trading channels on our platform. We believe this familiarity often brings an element of authenticity and heightened engagement increasing the success of these educational endeavors as well as adding to the community aspect of our platform.

The Blackbox Advantage

A principal component to our platform is the flexibility to provide members intuitive yet powerful technical analytics that scale with user knowledge. Our preconfigured dashboard defaults to a general setting that is designed to be easy for new members to navigate. Within this same dashboard we provide a multitude of toggles and filters for more sophisticated traders to allow them to implement custom features for their more advanced trading strategies. Most importantly, our live community consisting of thousands of traders creates a real-time community curated support system whereby seasoned traders often mentor newer members. We believe this is one of the primary strengths and differentiators of our platform. Although we offer a complete curriculum of scheduled classes weekly, the live interaction amongst our members proves to be invaluable. We believe this is due to the level of excitement created when new members can watch seasoned members of the community making trades in real time and providing an accompanying narrative. In addition to the educational component, the community element of our platform harnesses a powerful dynamic that can be described as "the best of man and machine". Our powerful algorithm technology scans the NYSE, NASDAQ, CBOE and other options exchanges to find market volatility and anomalies and displays them on a common dashboard shared across the globe. With thousands of eyes on this data, our members can quickly interact and form a consensus on the trading opportunity at hand.

Our Market Opportunity

We believe the global COVID-19 pandemic of 2020 stimulated significant change for online technologies including financial and trading related companies such as Blackbox. More than 10 million new brokerage accounts were opened by individuals in 2020 — more than ever in one year, according to Devin Ryan, an analyst at JMP Securities. This newfound interest in the market was very positive for us as our user base grew rapidly in 2021. The combination of an influx of new investors as well as the tendency for those new investors to gravitate towards innovative financial technology have been positive long term macro-economic trends for us.

It is difficult to quantify the number of people that can be classified as day traders, since the term is somewhat ambiguous, especially since there has been a large influx of self-directed investors in 2020 and 2021. The two types of traders often overlap and separating these demographics can be difficult. Recent data suggest the following size for this growing market:

- 20%: One in 5 people in the U.S. invested in stocks, or mutual funds, in the final three months of 2020, up from 15% in the second quarter, a Conference Board survey showed. *Harry Robertson, Business Insider, Feb 10, 2021*
- 31 YEARS: The median age of user of Robinhood, one of the original commission-free online brokerages. More young adults are joining. Apex Clearing, which helps facilitate trades for brokerages, told Reuters around 1 million of new accounts it opened last year belonged to Gen Z investors, with an average age of 19. *John McCrank, Reuters Jan 29, 2021*
- ~\$15.5 TRILLION: Total client assets at two of the top retail-focused brokerages. Fidelity Investments had \$8.8 trillion in customer assets at the end of the third quarter, up from \$8.3 trillion at the end of 2019. Schwab had \$6.69 trillion in client assets as of Dec. 31, and 29.6 million brokerage accounts, up 66% and 140%, respectively, from a year earlier. *John McCrank, Reuters Jan 29, 2021*

We believe that the market opportunity for the technology that we have developed and targeted towards day traders can be utilized for self-directed investors as well as institutions - a substantially broader market. We intend to develop mobile applications for self-directed investors that provide them with financial information and data that is not commonly provided by retail brokers. Our first product aimed at this initiative will be Stock Nanny (see "New Products" below). We also intend to market our technologies to institutional financial companies for integration into their existing products or for sub-licensing to their customers.

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Recent Technology and Development Initiatives

We continually upgrade our platform to provide the best user experience and maximum value for our members. Many of the new features or improvements to our existing features are suggested by our members. Much of our platform is community curated and we take pride in collaborating with and implementing the suggestions from our members that use our system every day. Our development efforts in 2023 were largely focused on enhancing core parts of our applications and fine-tuning the overall architecture to improve cost efficiencies, eliminate remaining technical debt, and provide our members with a more stable, scalable, and performant system.

Development of Native Applications for iOS and Android

We currently have fully-featured native applications for iOS and Android devices which were released in April of 2022. We believe that our mobile applications provide our members additional flexibility in their ability to access our platform when away from a desktop computer.

Platform Upgrades

Since the end of 2021, we have made significant upgrades and changes to our platform. We launched version 2.0 of the application which was a complete rewrite of the application front-end and overhaul of the backend to take advantage of modern technology capabilities that were widely unavailable when the product was initially released. This resulted in much better performance, a smaller resource footprint, and improved reliability and scale. Other development initiatives included the ability to view multiple charts, an enhanced social media capability, and enhanced charting studies, which include additions of new features or indicators such as our GoNoGo indicator, gamma exposure, net options delta and others.

We believe that technological developments to the Blackbox System and platform have been and will continue to be critical to the success of our company. Although we have experienced significant growth and received positive feedback from our members, we believe adding these new technology sets in parallel will be significant drivers of future growth.

New Products

We intend to leverage our existing financial technology platform and data resources for the creation of new and unique products to serve our existing subscribers, as well as address a broader market. We currently have a vast array of derived data that we believe will be extremely useful to self-directed investors as well the day traders and swing traders that we currently cater to. We believe the self-directed investor demographic is significantly larger than that of day traders and swing traders and presents an enormous opportunity for our growth.

Stock Nanny

We are currently developing a new product named Stock Nanny in the form of a mobile app for iOS and Android that will provide real-time portfolio alerts for a broad demographic of investors. Many of these alerts are a product of derived data currently generated on the Blackbox platform. This app will be designed to integrate with online brokerage platforms and allow the user to import their current stock positions and stocks on their watchlist into our app. We believe these alerts will be extremely useful for portfolio management, loss mitigation, and other investment strategies. We plan to provide extensive menu options to allow the user to customize this application to their specific needs. This will be a stand-alone product and we plan to target all self-directed retail investors, not just day traders or swing traders allowing the Company to address a much broader segment of the market. We expect to release this product in 2024.

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Enterprise Products for Professionals

We have not historically marketed our product to persons or entities deemed by the exchanges as "professional traders" or financial institutions. A professional trader is generally defined by the exchanges as a person that:

- Is registered or qualified with the Securities and Exchange Commission, the Commodities Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association.
- Is engaged as an "investment advisor" as that term is defined in Section 201(11) of the Investment Advisor's Act of 1940 (whether or not registered or qualified under that Act).
- Is employed by a bank or another organization that is exempt from registration under Federal and/or state securities laws to perform functions that would require him or her to be so registered or qualified if he or she were to perform such functions for an organization not so exempt.

The exchanges charge a substantial premium for their data to users who meet the criteria described above. In addition to the higher rates, the onboarding and subsequent approval process by these exchanges is cumbersome and not easily accomplished solely through an online process.

In 2023 we developed a streamlined digital onboarding process allowing financial professionals to be able to use our product. We believe that this is an important first step to not only marketing our existing products to financial professionals but also developing new and even bespoke products for this market segment. We are targeting financial institutions to utilize our products, subsets of our systems or even creating bespoke products on their behalf. Poor market performance in 2022 presented significant challenges to retail oriented companies in our industry including us. In order to provide different and more stable revenue streams, we believe it is important for us to use our existing technology base as a basis to develop new revenue streams from professional and institutional customers.

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Marketing of the Blackbox System

We launched our Blackbox System and platform for use in the United States and made it available to subscribers in September 2016. Use of the platform is sold on a monthly or annual subscription basis to individual consumers through our website at <https://blackboxstocks.com>. We believe our Blackbox System subscriptions are priced competitively with similar web-based trading tools although the number of competitors offering limited aspects of what our system provides at lower prices has increased in 2023. We primarily use a combination of digital marketing campaigns and customer referral compensation plans in our advertising program. Our digital advertising efforts are comprised of display and video ads, along with banner and text ads across multiple search and social platforms. We also utilize targeted email marketing and a strategic global marketing campaign for brand awareness. We believe that this form of advertising has been and will continue to be effective in attracting subscribers. We continuously monitor and evaluate the effectiveness of specific social media platforms and allocate marketing funds accordingly. We also promote our subscriptions through an established compensated customer referral program. We offer certain subscribers the right to promote the Blackbox System and receive referral fees for subscribers generated from such subscribers' effort. Generally, we pay referring subscribers \$25 for each subscription generated and \$25 for each month the subscriber continues their subscription. We incurred \$187,781 and \$379,353 in customer referral expenditures in each of the years ended December 31, 2023 and 2022, respectively. We expect to continue utilizing the customer referral sales program as it has proven to be an efficient form of advertising. Our advertising and marketing expense was \$629,984 and \$1,468,702 for the years ended December 31, 2023 and 2022, respectively. We significantly reduced the amount of our digital marketing spend during 2023 as part of an overall expense reduction as well as a review of the effectiveness of certain marketing strategies. We intend to continue to deploy a significant amount of marketing funds on both digital campaigns and customer referral programs in the future. In addition, we may also utilize television and radio advertising.

Our marketing of products targeted toward institutional customers is anticipated to rely less on the current digital marketing that we have historically utilized and is not expected to utilize affiliate marketing strategies.

Industry Partners and Relationships

We have several arrangements and agreements with financial industry partners that encompass marketing partnerships, educational resources and licenses. We believe our relationship with large well-known brokerage firms enhance our credibility and provide added value to our members. Among these partnerships are marketing agreements with E*TRADE and TastyTrade whereby these firms provide us with a referral fee for new accounts that we bring to them as well as offering our members discounted commissions on options trades. The referral fees are not currently material to our revenue but we believe the that our initial relationship with these firms is significant and provides us with an opportunity to expand these relationships to bring greater value to our members.

We have agreements with E*Trade and TradeStation permitting the integration of our platform with their brokerage platforms. These integrations allow our users to trade directly from our platform using their E*Trade or TradeStation account. In addition, TradeStation advertises our platform to 140,000 users through its webinars and in their internal app store. We believe the ability to enable our members to execute trades with third party brokers without having to leave our platform is particularly valuable to options traders who are able to execute more complicated orders without having to re-enter option contract information on another platform. We intend to integrate our platform with other brokers.

Industry partnerships such as the one we have with Options Industry Council, a non-profit entity funded by the Options Clearing Corp. also help provide our members with added educational benefits.

Data Suppliers

We contract with data suppliers and aggregators to provide our subscribers real time access to most major newswires, historical charting data and the real time stock and options data that drive the backend algorithms. We currently maintain servers connected with our stock and options data provider and utilize an Amazon Web Services (AWS) network as a backup.

Intellectual Property

We rely on a combination of trademark and copyright laws, trade secrets, confidentiality provisions and other contractual provisions to protect our proprietary rights, which are primarily our brand names, product coding and marks. The Company has registered its name and logo with the United States Patent and Trademark Office ("USPTO") and is pursuing registration of other brand names and marks. The proprietary portion of the Blackbox System including its coding and methodology is protected by contractual confidentiality provisions of both employees and independent contractors.

Government Regulation and Approvals

We offer our subscribing customers a trading tool and not a trading platform, broker dealer or exchange, and therefore we do not believe we are subject to regulatory oversight by the SEC, FINRA or other financial regulatory agencies. We are not aware of any governmental regulations or approvals required for the marketing or use of our Blackbox System or the services provided.

We are subject to a variety of laws and regulations in the United States and abroad that involve matters central to our business. Many of these laws and regulations are still evolving and being tested in courts, and could be interpreted in ways that could harm our business including, but not limited to, privacy, data protection and personal information, rights of publicity, content, intellectual property, advertising, marketing, distribution, data security, data retention and deletion, and other communications, protection of minors, consumer protection, telecommunications, product liability, taxation, economic or other trade prohibitions or sanctions, anti-corruption law compliance and securities law compliance. In particular, we are subject to federal, state and foreign laws regarding privacy and protection of people's data. Foreign data protection, privacy, content and other laws and regulations can impose different obligations or be more restrictive than those in the United States. U.S. federal and state and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices.

Competition

We operate in a highly competitive environment. Although, we believe that our Blackbox System is the only platform that has successfully merged a comprehensive analytics system or "scanner" and a social media platform within the same "dashboard" allowing members to view the same real-time data in parallel, there are a number of companies that offer one or more features that are similar to or attempt to address the same market as we do. Some of these competitors have financial and other resources that are significantly greater than ours. The greatest amount of competition exists within products that provide trading analytics often referred to as "scanners". We compete with these entities based on a number of factors including price, ease of use, standard features and proprietary features (if applicable). Ultimately, we believe the primary factor used in evaluating the trading analytics by any platform is the user's ability to derive actionable information from that platform. This is where we believe our proprietary features differentiate the Blackbox System.

In addition to these technical tools, there are also a number of social media platforms that provide forums for traders and investors at little or no cost. The integration of our social media component within our platform creates a community that we believe is significantly superior to stand alone social media sites. Our members are able to interact and discuss ideas while viewing the same dashboard as opposed to having to switch back and forth between applications.

The final component to our platform is education. There are numerous standalone investment and trading applications, books, seminars and courses offered at many different price points. These products compete based on price, perceived value, level of sophistication and reputation among other factors. We offer our courses at no additional charge to our subscribers. In addition, we believe that our social media community provides our more experienced traders the opportunity to mentor newer traders which in turn contributes to the community environment we have developed.

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In spite of these factors that differentiate us, we believe the following companies may be considered competitors due to similar product features and retail price points: Trade Ideas, Flow Algo, Unusual Whales and Trade Alert. Companies with social media platforms dedicated to financial markets include Stock Twits and Wall Street Bets.

Employees

As of March 28, 2024, the Company had ten full-time employees. We also currently have eighteen contract workers that primarily serve as team traders on our Blackbox System platform or developers.

None of our employees are represented by a labor organization, and we are not a party to any collective bargaining agreement. We have not experienced any work stoppages and consider our relations with our employees to be good.

We believe that our future success will depend in part on our continued ability to hire, motivate and retain qualified management, sales, marketing, and technical personnel. To date, we have not experienced significant difficulties in attracting or retaining qualified employees.

Recent Developments

Binding Amendment to Amended Letter of Intent

On November 24, 2023, the Company entered into a Binding Amendment to Amended Letter of Intent (the "LOI Amendment") with Evtec Group Limited ("Evtec Group"), Evtec Automotive Limited ("Evtec Automotive"), and Evtec Aluminium Limited ("Evtec Aluminium, and together with Evtec Group and Evtec Automotive, the "Evtec Companies"), which amended a non-binding Amended Letter of Intent (the "LOI") dated April 14, 2023. Pursuant to the LOI Amendment, the Company agreed to continue to negotiate in good faith to consummate a proposed acquisition of the Evtec Companies contemplated by the LOI (the "Proposed Transaction"), subject to the terms of the LOI Amendment.

As a condition to the Company's continued good faith negotiations regarding the Proposed Transaction, the Evtec Companies agreed to (i) pay the Company aggregate extension fees totaling \$400,000 which were guaranteed by a credit worthy affiliate of the Evtec Companies, (ii) provide extension loans of up to \$400,000 to the Company if the Proposed Transaction has not closed on or before April 1, 2024, (iii) pay the Company amounts in cash equal to any documented legal fees and third-party expenses incurred or payable by the Company in connection with the Proposed Transaction up to \$175,000, including any such expenses incurred prior to the date of the LOI Amendment, (iv) forfeit and return 2,400,000 shares of the Series B Convertible Preferred Stock (the "Series B Stock") acquired by Evtec Group under the terms of that certain Securities Exchange Agreement dated June 9, 2023 (the "Securities Exchange Agreement"), and (v) permit the Company to convert each of the 4,086 preferred shares of Evtec Group issued to the Company pursuant to the Securities Exchange Agreement into one ordinary share of Evtec Group. The Company recorded \$575,000 as other income on the statement of operations of which \$475,000 was outstanding as of December 31, 2023.

As provided for in the LOI Amendment, Evtec Group entered into an agreement with the Company dated November 28, 2023 (the "Forfeiture Agreement") pursuant to which Evtec Group forfeited all of its right, title and interest in and to the 2,400,000 Series B Stock acquired by Evtec Group pursuant to the Securities Exchange Agreement in order to further induce the Company to continue to negotiate in good faith to consummate the Proposed Transaction. Pursuant to the Forfeiture Agreement, the Company has no obligation to make any payment to Evtec Group, in cash or otherwise, for any such Series B Stock that are so forfeited. The shares of Series B Stock forfeited by Evtec Group were cancelled as of the date as of the date of the Forfeiture Agreement.

Share Exchange Agreement

On December 12, 2023, we entered into a Share Exchange Agreement (the "Share Exchange Agreement") with Evtec Aluminium, and the shareholders of Evtec (the "Sellers"). Upon the terms and subject to the satisfaction of the conditions described in the Share Exchange Agreement, we expect to acquire all of the issued and outstanding share capital of Evtec Aluminium, with the result of Evtec Aluminium becoming a wholly-owned subsidiary of the Company (the "Exchange"). At the closing of the Exchange, the Evtec Aluminium shareholders will receive shares of our common stock in exchange for capital shares of Evtec Aluminium based on the exchange ratio formula in the Share Exchange Agreement. Upon closing of the Exchange, the Evtec Aluminium shareholders are expected to collectively own 73.2% of the aggregate common stock of the Company.

Closing of the Exchange is subject to various customary closing conditions, and, among other things, conditioned upon (i) organization of a wholly-owned corporate subsidiary expected to be known as Blackbox.io Inc. ("Blackbox Operating") to hold Company legacy assets and continue the Company's legacy business operations, (ii) execution of an employment agreement between the Company and Robert L. Winspear, (iii) execution of an Option Agreement by the Company and Gust Kepler for the sale and repurchase of Mr. Kepler's Series A Stock (described below), (iv) effectiveness of a registration statement registering shares to be issued in the transaction, (v) Evtec Aluminium securing pre-close equity financing in the amount of at least \$5,000,000, and (vi) the Evtec Companies' satisfaction of all obligations set forth in the LOI Amendment. The Share Exchange Agreement contains certain termination rights for both the Company and Evtec Aluminium, and further provides that upon termination of the Share Exchange Agreement under specified circumstances, the terminating party may be required to pay the other party a termination fee of \$500,000 plus up to \$250,000 in fees and expenses incurred by such other party.

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Following the Closing, it is expected that the board of directors of the combined organization will consist of 5 members. Robert Winspear will remain as a director and the remaining 4 directors will be designated by Evtec Aluminium and will include David Roberts, the founder of the Evtec Companies, who is expected to be named Chairman of the Company's board of directors. Following the Closing, the Company will change its name to Evtec Holdings, Inc. and it is expected that the shares of common stock of the combined organization will be listed on the Nasdaq Capital Market.

The Share Exchange Agreement contains customary representations, warranties and covenants of the Company and Evtec Aluminium, including, among others, (i) a covenant to issue contractual contingent value rights agreements (each a "Contingent Value Rights Agreement" to each holder of Company Common Stock immediately prior to Closing (described below), (ii) if mutually agreed, the Company will use commercially reasonable efforts to effect a reverse stock split of its common stock, (iii) organize Blackbox Operating and contribute all current pre-Closing business assets of the Company to Blackbox Operating and cause Blackbox Operating to assume all pre-Closing business liabilities of the Company, subject to certain reservations, and (iv) covenants that require each of the Company and Evtec Aluminium to (A) conduct its business in the ordinary course during the period between the execution of the Share Exchange Agreement and the Closing or earlier termination of the Share Exchange Agreement, subject to certain exceptions, and (B) not engage in certain kinds of transactions during such period (without the prior written consent of the other). Each of the Company and Evtec Aluminium have agreed not to (i) solicit proposals relating to alternative business combination transactions or (ii) subject to certain exceptions, enter into discussions or negotiations or provide confidential information in connection with any proposals for alternative business combination transactions.

Option Agreement

As a condition to the parties' execution of the Share Exchange Agreement, the Company and Mr. Kepler will execute an Option Agreement (the "Option Agreement"), pursuant to which the Company will have the right to call for redemption and Mr. Kepler will have the right to cause the Company to redeem all of the issued and outstanding Series A Convertible Preferred Stock, par value \$0.001 per share (the "Series A Stock"), of the Company held by Mr. Kepler in exchange for shares of Series A Convertible Preferred Stock of Blackbox Operating, which shall be substantially similar to the Series A Convertible Preferred Stock of the Company.

Contingent Value Rights Agreements

At the Closing of the Share Exchange Agreement transaction, the Company, a representative of the Company stockholders prior to the Closing, and a to be appointed Rights Agent, will enter into a Contingent Value Rights Agreement. Pursuant to the Share Exchange Agreement and the Contingent Value Rights Agreement, each share of Company common stock held by Company stockholders as of a record date immediately prior to the Closing will receive a dividend of one contingent value right ("CVR") entitling such holders to receive, in connection with certain transactions involving Blackbox Operating (a "CVR Transaction"), an amount equal to the net proceeds actually received by the Company at the closing of such transaction, or in the event that the Option Agreement is exercised, its pro-rata portion of the aggregate number of shares of Blackbox Operating common stock held by the Company at the time the Option Agreement is exercised. A CVR Transaction is generally a transaction pursuant to which (i) the Company or Blackbox Operating grants, sells, licenses or otherwise transfers some or all of the rights to the Blackbox Operating assets, or other monetizing event of all or any part of the Blackbox Operating assets; or (ii) the exercise of that certain Option Agreement.

The CVR payment obligations will expire on the second anniversary following the Closing. The CVRs will not be transferable, except in certain limited circumstances, will not be certificated or evidenced by any instrument, will not accrue interest and will not be registered with the SEC or listed for trading on any exchange. Until the CVR expiration date, subject to certain exceptions, the Company will be required to use commercially reasonable efforts to continue the operations of Blackbox Operating and seek to consummate a CVR Transaction.

Corporate Information

Our principal executive offices are located at 5430 LBJ Freeway, Suite 1485, Dallas, Texas 75240, and our telephone number is (972) 726-9203. Our website is <https://blackboxstocks.com>. The information on, or that can be accessed through, our website is not part of this Report on Form 10-K. We have included our website address as an inactive textual reference only.

Additional Information

We file annual reports on Form 10-K and quarterly reports on Form 10-Q with the Securities and Exchange Commission (the "SEC") on a regular basis, and disclose certain material events in current reports on Form 8-K. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act are available free of charge on our investor relations section of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). The SEC also maintains an Internet website that contains reports and other information regarding issuers, such as Blackboxstocks, that can be filed electronically with the SEC. The SEC's Internet website is located at <http://www.sec.gov>.

Item 1A. Risk Factors

An investment in our securities involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information contained in this Report, including our financial statements and related notes, before deciding to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business or results of operations.

Risks Related to Ownership of Our Common Stock

We may not be able to satisfy listing requirements of Nasdaq or maintain a listing of our common stock on Nasdaq.

We are required to meet certain financial and liquidity criteria to maintain our Nasdaq listing. If we violate Nasdaq listing requirements, our common stock may be delisted. If we fail to meet any of Nasdaq's listing standards, our common stock may be delisted. In addition, our board of directors may determine that the cost of maintaining our listing on a national securities exchange outweighs the benefits of such listing. A delisting of our common stock from Nasdaq may materially impair our stockholders' ability to buy and sell our common stock and could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock. The delisting of our common stock would significantly impair our ability to raise capital and the value of your investment.

If our shares of securities become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain a listing on Nasdaq or another national securities exchange and if the price of our common stock is less than \$5.00, our common stock could be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

Fluctuations in our quarterly revenues may cause the price of our common stock to decline.

Our operating results have varied significantly from quarter to quarter in the past, and we expect our operating results to vary from quarter to quarter in the future due to a variety of factors, many of which are outside of our control. Therefore, if revenues are below our expectations, this shortfall is likely to adversely and disproportionately affect our operating results. Accordingly, we may not attain positive operating margins in future quarters. Any of these factors could cause our operating results to be below the expectations of securities analysts and investors, which likely would negatively affect the price of our common stock.

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We are a "controlled company" within the meaning of the Nasdaq rules and, as a result, qualify for, and may elect to rely on, exemptions from certain corporate governance requirements that provide protection to the stockholders of companies that are subject to such corporate governance requirements.

Gust C. Kepler, who serves as a director, President and Chief Executive Officer of the Company, beneficially owns more than 50% of the voting power for the election of members of our board of directors. As a result, we are and will continue to be a "controlled company" within the meaning of the corporate governance standards of the Nasdaq rules. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain Nasdaq's corporate governance requirements.

As a controlled company, we may rely on certain exemptions from the Nasdaq standards that may enable us not to comply with certain Nasdaq corporate governance requirements. As a consequence, in the event that we elect to rely on certain exemptions from the Nasdaq standards provided to "controlled companies," you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq Capital Market.

We do not anticipate paying any cash dividends in the foreseeable future.

We have never declared or paid cash dividends, and we do not anticipate paying cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our common stock as a source for any future dividend income. Our board of directors has complete discretion as to whether to declare dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors.

Risks Related to Our Business

We expect to invest heavily in growing our business, which may cause our sales and marketing, research and development, and other expenses to increase and our margins to decline.

We believe that our revenue growth, as well as our ability to improve or maintain margins and profitability, will depend upon, among other factors, our ability to address the challenges, risks, and difficulties described elsewhere in this "Risk Factors" section and the extent to which our various service offerings grow and contribute to our results of operations. We cannot provide assurance that we will be able to successfully manage any such challenges or risks to our future growth. In addition, our customer base may not continue to grow or may decline due to a variety of possible risks, including increased competition, changes in the regulatory landscape, and the maturation of our business. Any of these factors could cause our revenue growth to decline and may adversely affect our margins and profitability. Failure to continue our revenue growth or margin improvement could have a material adverse effect on our business, financial condition, and results of operations. You should not rely on our historical rate of revenue growth as an indication of our future performance.

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If we do not continue to attract new subscriber customers, or if existing customers do not renew their subscriptions, or renew on less favorable terms, it could have a material adverse effect on our business, financial condition, and results of operations.

In order to grow our business, we must continually attract new subscribing customers and reduce the level of non-renewals in our business. Our ability to do so depends in large part on the success of our sales and marketing efforts. We may not accurately predict future trends with respect to rates of customer renewals. Our subscribing customer base may decline or fluctuate due to a number of factors, including the prices of our subscriptions, the prices of services offered by our competitors and the efficacy and cost-effectiveness of our solutions. If we are unable to retain and increase sales of our Blackbox System platform to existing subscribing customers or attract new ones for any of the reasons above or for other reasons, our business, financial condition, and results of operations could be adversely affected.

In order to achieve profitability, we must increase revenue levels.

We need to increase current revenue levels by increasing paid subscriptions to our Blackbox System platform or develop additional revenue sources from new products if we are to attain and maintain consistent profitability. If we are unable to achieve increased revenue levels, losses could continue for the near term and possibly longer, and we may not attain profitability or generate positive cash flow from operations in the future.

We intend to introduce new products and services. There can be no assurance that we will be able to introduce such products and services effectively or profitably.

We intend to expand our product and service offering including the introduction of products and services which employ and expand upon our current proprietary system and technology. These products and services are expected to include applications targeted for investors who are not day traders or swing traders and products designed for professional traders. We expect to introduce these products and services in 2023 and spend significant capital on advertising and marketing of the products and services. If we are unable to generate significant revenue from this or other new products and services, we may incur significant operating losses.

We expect to face increasing competition in the market for our platform and services.

We face significant competition and we expect such competition to increase. Our industry and the markets we serve are evolving rapidly and becoming increasingly competitive. Larger and more established companies may focus on our markets and could directly compete with us. Smaller companies could also launch new platforms and services that compete with us and that could gain market acceptance quickly. We also expect our existing competitors in the markets to continue to focus on these areas. A number of these companies may have greater financial, technological, and other resources than we do and greater name recognition than us, which may enable them to compete more effectively. Specifically, we believe the following companies to be direct competitors: Trade Ideas, Flow Algo, Unusual Whales and Trade Alert. Companies with social media platforms dedicated to financial markets include Stock Twits and Wall Street Bets. Our competitors may announce new products, services, or enhancements that better address changing industry standards or the needs of our customers, such as mobile access. Any such increased competition could cause pricing pressure, loss of market share, or decreased customer engagement, any of which could adversely affect our business and operating results.

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If we are not able to maintain and enhance our reputation and brand recognition, our business, financial conditions and results of operations will be harmed.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing subscribing customers and our ability to attract new subscribing customers. The promotion of our brand may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur, and our results of operations could be harmed. In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our customers, could make it substantially more difficult for us to attract new customers. Similarly, because our subscribing customers often act as references for us with prospective new customers, any existing customer that questions the quality of our work or that of our employees could impair our ability to secure additional new customers. If we do not successfully maintain and enhance our reputation and brand recognition with our customers, our business may not grow and we could lose these relationships, which would harm our business, financial condition, and results of operations.

The estimates of market opportunity and forecasts of market growth included in this report may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, our business may not grow at similar rates, or at all.

Market opportunity estimates and growth forecasts included in this report are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. The estimates and forecasts included in this report relating to size and expected growth of our target market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth forecasts included in this report, our business may not grow at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties.

We rely on software-as-a-service, or SaaS, technologies from third parties.

We rely on SaaS technologies from third parties in order to operate critical functions of our business, including financial management services, relationship management services, marketing services and data storage services. Some of our vendor agreements may be unilaterally terminated by the counterparty for convenience. If these services become unavailable due to contract cancellations, extended outages or interruptions, because they are no longer available on commercially reasonable terms or prices, or for any other reason, our expenses could increase, our ability to manage our finances could be interrupted, our processes for managing our offerings and supporting our consumers and partners could be impaired, and our ability to access or save data stored to the cloud may be impaired until equivalent services, if available, are identified, obtained, and implemented, all of which could harm our business, financial condition, and results of operations.

Any restrictions on our use of, or ability to license data, or our failure to license data and integrate third-party technologies, could have a material adverse effect on our business, financial condition, and results of operations.

We depend upon licenses from third parties for some of the technology and data used in our applications, and for some of the technology platforms upon which these applications are built and operate. We expect that we may need to obtain additional licenses from third parties in the future in connection with the development of our solutions and services. In addition, we obtain a portion of the data that we use from various securities and option exchanges. We believe that we have all rights necessary to use the data that is incorporated into our solutions and services. However, we cannot assure you that our licenses for information will allow us to use that information for all potential or contemplated applications and solutions.

In the future, data providers could withdraw their data from us or restrict our usage for any reason, including if there is a competitive reason to do so, if legislation is passed restricting the use of the data, or if judicial interpretations are issued restricting use of the data that we currently use in our solutions and services. If a substantial number of data providers were to withdraw or restrict their data and if we are unable to identify and contract with suitable alternative data suppliers and integrate these data sources into our service offerings, our ability to provide solutions and services to our subscribing customers would be materially adversely impacted, which could have a material adverse effect on our business, financial condition, and results of operations.

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We also integrate into our proprietary applications and use third-party software to maintain and enhance, among other things, content generation and delivery, and to support our technology infrastructure. Our use of third-party technologies exposes us to increased risks, including, but not limited to, risks associated with the integration of new technology into our solutions, the diversion of our resources from development of our own proprietary technology, and our inability to generate revenue from licensed technology sufficient to offset associated acquisition and maintenance costs. These technologies may not be available to us in the future on commercially reasonable terms or at all and could be difficult to replace once integrated into our own proprietary applications. Most of these licenses can be renewed only by mutual consent and may be terminated if we breach the terms of the license and fail to cure the breach within a specified period of time. Our inability to obtain, maintain, or comply with any of these licenses could delay development until equivalent technology can be identified, licensed, and integrated, which would harm our business, financial condition, and results of operations.

Most of our third-party licenses are non-exclusive and our competitors may obtain the right to use any of the technology covered by these licenses to compete directly with us. If our data suppliers choose to discontinue support of the licensed technology in the future, we might not be able to modify or adapt our own solutions.

We are dependent on a limited number of key executives and employees, the loss of which could negatively impact our business.

Our business is led by our CEO Gust Kepler and a small group of key employees. The loss of one or more of these executives could negatively impact our business.

Risks Related to Intellectual Property

We may not be able to halt the operations of entities that copy our intellectual property or that aggregate our data as well as data from other companies, including social networks, or copycat online services that may misappropriate our data. These activities could harm our brand and our business.

From time to time, third parties may try to access content or data from our networks through scraping, robots, or other means and use this content and data or combine this content and data with other content and data as part of their services. These activities could degrade our brand, negatively impact our platform and system performance and harm our business. We have employed contractual, technological or legal measures in an attempt to halt unauthorized activities, but these measures may not be successful. In addition, if our customers do not comply with our terms of service, they also may be able to abuse our tools, solutions, and services and provide access to our solutions and content to unauthorized users. We may not be able to detect any or all of these types of activities in a timely manner and, even if we could, technological and legal measures may be insufficient to stop these actions. In some cases, particularly in the case of online services operating from outside of the United States, our available legal remedies may not be adequate to protect our business against such activities. Regardless of whether we can successfully enforce our rights against these parties, any measures that we may take could require us to expend significant financial or other resources.

Third parties may initiate legal proceedings alleging that we are infringing or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on our business, financial condition, and results of operations.

Our commercial success depends on our ability to develop and commercialize our platform, products and services and use our proprietary technology without infringing the intellectual property or proprietary rights of third parties. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business with respect to intellectual property. We are not currently subject to any material claims from third parties asserting infringement of their intellectual property rights.

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Intellectual property disputes can be costly to defend and may cause our business, operating results, and financial condition to suffer. Whether merited or not, we have in the past and may in the future face allegations that we, our partners, our licensees, or parties indemnified by us have infringed or otherwise violated the patents, trademarks, copyrights, or other intellectual property rights of third parties. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties. Some third parties may be able to sustain the costs of complex litigation more effectively than we can because they have substantially greater resources. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock. Moreover, any uncertainties resulting from the initiation and continuation of any legal proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our operations. Assertions by third parties that we violate their intellectual property rights could therefore have a material adverse effect on our business, financial condition, and results of operations.

Failure to maintain, protect, or enforce our intellectual property rights could harm our business and results of operations.

We may pursue the registration of our domain names, trademarks, and service marks in the United States. We also strive to protect our intellectual property rights by relying on federal, state, and common law rights, as well as contractual restrictions. We typically enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. However, we may not be successful in executing these agreements with every party who has access to our confidential information or contributes to the development of our technology or intellectual property rights. Those agreements that we do execute may be breached, and we may not have adequate remedies for any such breach. These contractual arrangements and the other steps we have taken to protect our intellectual property rights may not prevent the misappropriation or disclosure of our proprietary information nor deter independent development of similar technology or intellectual property by others.

Effective trade secret, patent, copyright, trademark and domain name protection is expensive to obtain, develop and maintain, both in terms of initial and ongoing registration or prosecution requirements and expenses and the costs of defending our rights. We have invested in and may, over time, increase our investment in protecting our intellectual property through patent filings that could be expensive and time-consuming. Our trademarks and other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. We have not yet applied for or obtained any issued patents that provide protection for our technology or products. Moreover, any issued patents we may obtain may not provide us with a competitive advantage and, as with any technology, competitors may be able to develop similar or superior technologies to our own, now or in the future. In addition, due to a recent U.S. Supreme Court case, it has become increasingly difficult to obtain and assert patents relating to software or business methods, as many such patents have been invalidated for being too abstract to constitute patent-eligible subject matter. We do not know whether this will affect our ability to obtain patents on our innovations, or successfully assert any patents we may pursue in litigation or pre-litigation campaigns.

Monitoring unauthorized use of the content on our platform, and our other intellectual property and technology, is difficult and costly. Our efforts to protect our proprietary rights and intellectual property may not have been and may not be adequate to prevent their misappropriation or misuse. Third parties, including our competitors, could be infringing, misappropriating, or otherwise violating our intellectual property rights. We may not be successful in stopping unauthorized use of our content or other intellectual property or technology. Further, we may not have been and may not be able to detect unauthorized use of our technology or intellectual property, or to take appropriate steps to enforce our intellectual property rights. Any inability to meaningfully enforce our intellectual property rights could harm our ability to compete and reduce demand for our solutions and services. Our competitors may also independently develop similar technology. Effective patent, trademark, copyright and trade secret protection may not be available to us in every jurisdiction in which our solutions or technology are hosted or available. Further, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. The laws in the United States and elsewhere change rapidly, and any future changes could adversely affect us and our intellectual property. Our failure to meaningfully protect our intellectual property rights could result in competitors offering solutions that incorporate our most technologically advanced features, which could reduce demand for our solutions.

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We may find it necessary or appropriate to initiate claims or litigation to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of intellectual property rights claimed by others. In any lawsuit we bring to enforce our intellectual property rights, a court may refuse to stop the other party from using the technology at issue on grounds that our intellectual property rights do not cover the use or technology in question. Further, in such proceedings, the defendant could counterclaim that our intellectual property is invalid or unenforceable and the court may agree, in which case we could lose valuable intellectual property rights. Litigation is inherently uncertain and any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business and results of operations. If we fail to maintain, protect, and enforce our intellectual property, our business and results of operations may be harmed.

The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, particularly developing countries, do not favor the enforcement of intellectual property protection. This could make it difficult for us to stop the infringement or misappropriation of our intellectual property rights. Proceedings to enforce our intellectual property in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

We believe that our brand is critical to the success of our business, and we plan to utilize trademark registration and other means to protect it. Our business would be harmed if we were unable to protect our brand against infringement and its value was to decrease as a result.

We have registered our "Blackboxstocks" tradename and logo with the USPTO. We may apply for registration of additional product name or marks.

The registered or unregistered trademarks or trade names that we own or license may be challenged, infringed, circumvented, declared generic, lapsed, or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition with customers and potential partners. In addition, third parties may in the future file for registration of trademarks similar or identical to our trademarks. If they succeed in registering or developing common law rights in such trademarks, and if we are not successful in challenging such third-party rights, we may not be able to use these trademarks to commercialize our technologies or solutions in certain relevant countries. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

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If we are unable to protect the confidentiality of our trade secrets, our business and competitive position could be harmed.

We rely heavily on trade secrets and confidentiality agreements to protect our unpatented know-how, technology, and other proprietary information, including our technology platform, and to maintain our competitive position. With respect to our technology platform, we consider trade secrets and know-how to be one of our primary sources of intellectual property. However, trade secrets and know-how can be difficult to protect. We seek to protect these trade secrets and other proprietary technology in part by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, outside contractors, consultants, advisors, and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. The confidentiality agreements are designed to protect our proprietary information and, in the case of agreements or clauses containing invention assignment, to grant us ownership of technologies that are developed through a relationship with employees or third parties. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary information, including our technology and processes. Despite these efforts, no assurance can be given that the confidentiality agreements we enter into will be effective in controlling access to such proprietary information and trade secrets. The confidentiality agreements on which we rely to protect certain technologies may be breached, may not be adequate to protect our confidential information, trade secrets, and proprietary technologies and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, trade secrets, or proprietary technology. Further, these agreements do not prevent our competitors or others from independently developing the same or similar technologies and processes, which may allow them to provide a service similar or superior to ours, which could harm our competitive position.

Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third party, it could harm our competitive position, business, financial condition, results of operations, and prospects.

If we fail to comply with our obligations under license or technology agreements with third parties, we may be required to pay damages and we could lose license rights that are critical to our business.

We license certain intellectual property, including technologies and software from third parties, that is important to our business, and we may enter into future additional agreements that provide us with licenses to valuable intellectual property or technology. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from selling our solutions and services, or adversely impact our ability to commercialize future solutions and services. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensors fail to enforce licensed patents against infringing third parties, if the licensed intellectual property are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms. In addition, our rights to certain technologies are licensed to us on a non-exclusive basis. The owners of these non-exclusively licensed technologies are therefore free to license them to third parties, including our competitors, on terms that may be superior to those offered to us, which could place us at a competitive disadvantage. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights. In addition, the agreements under which we license intellectual property or technology from third parties are generally complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement. Any of the foregoing could harm our competitive position, business, financial condition, results of operations, and prospects.

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If we cannot license rights to use intellectual property on reasonable terms, we may not be able to commercialize new solutions or services in the future.

In the future, we may identify additional third-party intellectual property we may need to license in order to engage in our business, including to develop or commercialize new solutions or services. However, such licenses may not be available on acceptable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources, and greater development or commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Even if such licenses are available, we may be required to pay the licensor substantial royalties based on sales of our solutions and services. Such royalties are a component of the cost of our solutions or services and may affect the margins on our solutions and services. In addition, such licenses may be non-exclusive, which could give our competitors access to the same intellectual property licensed to us. If we are unable to enter into the necessary licenses on acceptable terms or at all, if any necessary licenses are subsequently terminated, if our licensors fail to abide by the terms of the licenses, if our licensors fail to prevent infringement by third parties, or if the licensed intellectual property rights are found to be invalid or unenforceable, our business, financial condition, results of operations, and prospects could be affected. If licenses to third-party intellectual property rights are, or become required for us, to engage in our business, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us. Moreover, we could encounter delays and other obstacles in our attempt to develop alternatives. Defense of any lawsuit or failure to obtain any of these licenses on favorable terms could prevent us from commercializing solutions and services, which could harm our competitive position, business, financial condition, results of operations, and prospects.

Risks Relating to the Exchange

The Company will allocate time and resources to effecting the Exchange and incur non-recurring costs related to the Exchange.

The Company and its management have allocated and will continue to be required to allocate time and resources to effecting the completion of the Exchange and related and incidental activities. There is a risk that the challenges associated with managing these various Exchange initiatives may have a business impact and that consequently the underlying businesses will not perform in line with expectations. This could have an adverse effect on the reputation, business, financial condition or results of operations of the Company.

In addition, the Company expects to incur a number of non-recurring costs associated with the Exchange, including taxes, legal fees, advisor fees, filing fees, mailing expenses, and financial printing expenses. There can be no assurance that the actual costs will not exceed those estimated and the actual completion of the Exchange may result in additional and unforeseen expenses. Many of these costs will be payable whether or not the Exchange is completed. While it is expected that benefits of the Exchange achieved by the Company will offset these transaction costs over time, this net benefit may not be achieved in the short-term or at all, particularly if the Exchange are delayed or does not happen at all. These combined factors could adversely affect the business, results of operations or financial condition of the Company.

The Exchange will require Evtec Aluminium to apply for an initial listing on Nasdaq which may not be granted.

The Exchange is expected to be treated as a reverse merger by Nasdaq which requires Evtec Aluminium to apply for an initial listing on the Nasdaq Capital Market. There are numerous listing requirements including but not limited to minimum equity requirements and certain minimum requirements for stockholder holdings and a minimum bid price of \$4.00 per share. There can be no assurance that Evtec Aluminium will be able to meet the initial listing requirements of the Nasdaq Capital Market which could result in either the Company's delisting or termination of the Exchange.

The calculation of the number of Blackboxstocks shares to be issued may be adjusted if there is a change in Evtec Aluminium share capital between the date of Share Exchange Agreement and Closing.

The calculation of the number of the Blackboxstocks shares to be issued in the Exchange may be adjusted in the event that Evtec Aluminium issues any share capital between the date of the Share Exchange Agreement and Closing pursuant to the exchange ratio in the Share Exchange Agreement. The parties may not be permitted to terminate the Share Exchange Agreement because of changes in the exchange ratio.

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The Exchange may not be completed on the terms or timeline currently contemplated, or at all, as Blackboxstocks or Evtec Aluminium may be unable to satisfy conditions or obtain the approvals required to complete the Exchange or such approvals may contain material restrictions or conditions.

Completion of the Exchange is subject to numerous conditions. Although the Company is diligently applying its efforts to take, or cause to be taken, all actions to do, or cause to be done, all things necessary, proper or advisable to consummate the Exchange, there can be no assurance that these conditions will be fulfilled or that the Exchange will be completed on the terms or timeline currently contemplated, or at all. We have and will continue to expend time and resources and incur expenses related to the Exchange. Many of these expenses must be paid regardless of whether the Exchange are consummated. Governmental agencies and/or the Nasdaq may not approve the Exchange, may impose conditions to the approval of the Exchange or require changes to the terms of the Exchange. Any such conditions or changes could have the effect of delaying completion of the Exchange, imposing costs on or limiting the revenues of the Company following the Exchange or otherwise reducing the anticipated benefits of the Exchange.

Completion of the Exchange may trigger certain provisions in agreements to which the Company or its planned operating subsidiary is a party.

The completion of the Exchange may trigger certain change in control, consent, assignment or other provisions in agreements to which the Company, its planned operating subsidiary, or Evtec Aluminium is a party. In addition, the completion of the Exchange may trigger certain technical provisions in agreements to which the Company, its planned operating subsidiary or Evtec Aluminium is a party. If such parties are unable to assert that such provisions should not apply, or the parties are unable to comply with or negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, including potentially terminating such agreements or seeking monetary damages. Even if the Company, its operating subsidiary or Evtec Aluminium is able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to the Company.

Failure to complete the Exchange could adversely affect the market price of our common shares as well as our business, financial condition and results of operations.

If the Exchange is not completed for any reason, the price of our common shares may decline, and our business, financial condition and results of operations may be impacted to the extent that the market price of our common shares reflects positive market assumptions that the Exchange will be completed and the related expected benefits will be realized; based on significant expenses, such as legal, advisory and financial services which generally must be paid regardless of whether the Exchange is completed; based on potential disruption of our business and distraction of our workforce and management team; and the requirement in the Share Exchange Agreement that, under certain limited circumstances, we must pay Evtec Aluminium a termination fee of \$500,000, plus, all fees and expenses (up to \$250,000) incurred by Evtec Aluminium in connection with the authorization, preparation, negotiation, execution and performance of the Share Exchange Agreement and other contemplated transactions under the Share Exchange Agreement (the "Contemplated Transactions").

The announcement and pendency of the Exchange could have an adverse effect on the stock price of our common shares as well as our business, financial condition, results of operations or business prospects.

The announcement and pendency of the Exchange could disrupt our businesses in negative ways. For example, customers and other third-party business partners may seek to terminate and/or renegotiate their relationships with the Company as a result of the Exchange, whether pursuant to the terms of their existing agreements or otherwise. In addition, current and prospective employees may experience uncertainty regarding their future roles with the Company upon consummation of the Exchange, which might adversely affect our ability to retain, recruit and motivate key personnel. Should they occur, any of these events could adversely affect the stock price of our common shares, or harm our financial condition, results of operations or business prospects.

We may have difficulty attracting, motivating and retaining executives and other employees in light of the Exchange.

We may have difficulty attracting, motivating and retaining executives and other employees in light of the Exchange. Uncertainty about the effect of the Exchange on our employees may have an adverse effect. This uncertainty may impair our ability to attract, retain and motivate personnel until the Exchange is completed.

Litigation relating to the Exchange, if any, could result in an injunction preventing the completion of the Exchange and/or substantial costs to Blackboxstocks.

Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into acquisition, merger or other business combination agreements like the Share Exchange Agreement. Even if such a lawsuit is without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition. Lawsuits that may be brought against us or our directors could also seek, among other things, injunctive relief or other equitable relief, including a request to rescind parts of the Share Exchange Agreement already implemented and to otherwise enjoin the parties from consummating the Exchange. One of the conditions to the closing of the Exchange is that no injunction by any governmental entity having jurisdiction over Blackboxstocks or Evtec Aluminium has been entered and continues to be in effect and no law has been adopted, in either case that prohibits the closing of the Exchange. Consequently, if a plaintiff is successful in obtaining an injunction prohibiting completion of the Exchange, that injunction may delay or prevent the Exchange from being completed within the expected time frame or at all, which may adversely affect our business, financial position and results of operations.

General Risk Factors

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our stock, or if our results of operations do not meet their expectations, our stock price and trading volume could decline.

The trading market for our securities will be influenced by the research and reports that securities or industry analysts publish about us or our business (or the absence of such research or reports). If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade recommendations regarding our stock, or if our results of operations do not meet their expectations, our stock price could decline and such decline could be material.

We are an "emerging growth company" and our compliance with the reduced reporting and disclosure requirements applicable to "emerging growth companies" may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, and we have elected to take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." These provisions include, but are not limited to: being permitted to have only two years of audited financial statements and only two years of related management's discussion and analysis of financial condition and results of operations disclosures; being exempt from compliance with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act; being subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and not being required to hold nonbinding advisory votes on executive compensation or on any golden parachute payments not previously approved.

In addition, while we are an "emerging growth company," we will not be required to comply with any new financial accounting standard until such standard is generally applicable to private companies. As a result, our financial statements may not be comparable to companies that are not "emerging growth companies" or elect not to avail themselves of this provision.

We may remain an "emerging growth company" until as late as December 31, 2027, the fiscal year-end following the fifth anniversary of the completion of this initial public offering, though we may cease to be an "emerging growth company" earlier under certain circumstances, including if (i) we have more than \$1.07 billion in annual revenue in any fiscal year, (ii) we become a "large accelerated filer," with at least \$700 million of equity securities held by non-affiliates as of the end of the second quarter of that fiscal year, or (iii) we issue more than \$1.0 billion of non-convertible debt over a three-year period.

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The exact implications of the JOBS Act are still subject to interpretations and guidance by the SEC and other regulatory agencies, and we cannot assure you that we will be able to take advantage of all of the benefits of the JOBS Act. In addition, investors may find our common stock less attractive to the extent we rely on the exemptions and relief granted by the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may decline or become more volatile.

If we are unable to implement and maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports.

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. We are required to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. However, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until the date we are no longer an "emerging growth company" as defined in the JOBS Act. Accordingly, you will not be able to depend on any attestation concerning our internal control over financial reporting from our independent registered public accounting firm for the foreseeable future.

The process of designing and implementing internal controls over financial reporting is time consuming, costly, and complicated. If during the evaluation and testing process, we identify one or more material weaknesses in our internal control over financial reporting or determine that existing material weaknesses have not been remediated, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented, or reviewed. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the valuation of our common stock could be adversely affected.

Compliance with public reporting requirements have and will continue to affect the Company 's financial resources.

The Company is subject to certain public reporting obligations as required by federal securities laws, regulations and agencies. The compliance with such reporting requirements will require the company to incur significant legal, accounting and other administrative expenses. The expenses the Company may incur will have a significant impact on the Company's financial resources and may lead to a decrease in the value and price of our common stock.

We rely on network infrastructure and our ability to maintain and scale our business and maintain competitiveness. Any significant interruptions or delays in service on our apps or websites or any undetected errors or design faults could adversely affect our business, financial condition and results of operations.

We depend on the use of information technologies and systems and our reputation and ability to acquire, retain, and serve our customers are dependent upon the reliable performance of our apps and websites and the underlying network infrastructure. As our operations grow, we must continuously improve and upgrade our systems and infrastructure while maintaining or improving the reliability and integrity of our infrastructure. Our future success also depends on our ability to adapt our systems and infrastructure to meet rapidly evolving consumer trends and demands while continuing to improve the performance, features and reliability of our solutions in response to competitive services and offerings. We expect the use of alternative platforms such as tablets and smartphones will continue to grow and the emergence of niche competitors who may be able to optimize offerings, services, or strategies for such platforms will require new investment in technology. New developments in other areas, such as cloud computing, have made it easier for competition to enter our markets due to lower up-front technology costs. In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost-effective manner. There is also no guarantee that we will possess the financial resources or personnel, for the research, design, and development of new applications or services, or that we will be able to utilize these resources successfully and avoid technological or market obsolescence. Further, there can be no assurance that technological advances by one or more of our competitors or future competitors will not result in our present or future applications and services becoming uncompetitive or obsolete. If we were unable to enhance our offerings and network capabilities to keep pace with rapid technological and regulatory change, or if new technologies emerge that are able to deliver competitive offerings at lower prices, more efficiently, more conveniently, or more securely than our platform offerings, our business, financial condition and results of operations could be adversely affected.

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Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

Risk Management & Strategy

We employ several strategies to identify and to mitigate its cybersecurity risk as a part of its overall risk management strategy. Whereas no entity can be 100% secure against all forms of cyber threats. We strive to identify and minimize the risk where possible. Company management under the direction of its Chief Technology Officer are primarily responsible for identifying risks and adopting appropriate policies with respect to those risks. Third parties may be used to augment company resources in this regard including but not limited to resources provided by the Company's cyber policy insurance carrier. Risks that are specific to the Company's operations include security around the servers and systems that are used to host and run the Blackbox System. These servers including their backups are hosted remotely and monitored throughout the day by both operations and technology personnel. The Company has adopted a comprehensive Cyber Security Policy that encompasses and addresses cyber risks that are more common to many businesses including system access, password policies, third party software and similar matters. Blackbox also carries appropriate insurance for cyber related risks.

Governance

Overall governance of our cybersecurity is overseen by the Company's full board of directors. No specific committee exists to oversee cybersecurity. Brandon Smith, our Chief Technology Officer, is primarily responsible for managing the Company's cybersecurity risks and related policies. Mr. Smith has over 20 years of experience in technology including software development and infrastructure consulting. In addition to an MBA from Southern Methodist University, Mr. Smith holds a BBA in CIS from Texas State University. Management meets with the board not less than annually to review the company's cybersecurity risks and policies but will meet with the board on an immediate basis if circumstances so dictate.

Item 2. Properties.

We do not own any real estate or other physical properties. Our principal office is located at 5430 LBJ Freeway, Suite 1485, Dallas, Texas 75240 in office space leased from Teachers Insurance and Annuity Association of America. During the years ended December 31, 2023 and 2022 we incurred approximately \$126,000 and \$103,000, respectively, in office rental expense. Future minimum rental payments under the extended lease are approximately \$441,851.

We believe that the existing facilities at March 28, 2024, will be adequate to meet our operational requirements through 2024. We believe that all such facilities are adequately covered by appropriate property insurance.

Item 3. Legal Proceedings.

The information set forth in Note 9, "Commitments and Contingencies" of the notes to the financial statements included in Part II, Item 8 of this Annual Report on Form 10-K relating to our legal proceedings is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our Common Stock, \$0.001 par value, began trading on the Nasdaq Capital Market on November 9, 2021 under the symbol "BLBX".

Holders

Records of Securities Transfer Corporation, our transfer agent, indicate that as of March 28, 2024, we had 618 record holders of our Common Stock. The number of registered stockholders excludes any estimate by us of the number of beneficial owners of shares of Common Stock held in "street name." As of March 28, 2024, we had 3,226,145 shares of our Common Stock issued and outstanding.

Dividends

We have not declared any dividends on our Common Stock and do not anticipate that we will declare or pay any dividends on our Common Stock in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will be dependent upon our financial condition, operating results, capital requirements, applicable contractual restrictions, restrictions in our organizational documents, and any other factors that our Board of Directors deems relevant.

Securities Authorized for Issuance under Equity Compensation Plans

The information set forth under the subheading "Securities Authorized for Issuance Under Equity Compensation Plans" included in Part III, Item 12 of this Annual Report on Form 10-K is incorporated herein by reference.

Recent Sales of Unregistered Securities

The Company's sales of unregistered securities during the period covered by the Report have been previously reported as required in Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and/or current reports on Form 8-K.

Use of Proceeds of Registered Securities

On November 15, 2021, we closed our initial public offering of 2,400,000 shares of common stock at an offering price of \$5.00 per share. Alexander Capital, L.P. served as the managing underwriter. We received net proceeds of \$10,519,914, after deducting underwriting discounts and commissions and offering expenses. All of the shares issued and sold in our initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1, as amended (File No. 333-260065), which was declared effective by the SEC on November 9, 2021.

On January 7, 2022 the Company's Board of Directors authorized a stock repurchase plan for up to \$2,500,000 of the Company's Common Stock. The program terminated on December 31, 2023. The Company repurchased 693,368 shares of common stock for an aggregate purchase price of \$1,209,125. This use of proceeds was not anticipated or disclosed in the Company's prospectus.

Other than as described above, the proceeds of the public offering have been used as described in the prospectus to promote and market our Blackbox System platform and increase our subscriber base, and for general and administration expenses.

[Table of Contents](#)**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

The following table sets forth information regarding purchases made under the Company's stock repurchase plan for up to \$2,500,000 of the Company's Common Stock. The program was authorized and publicly announced on January 7, 2022 and terminated on December 31, 2023. . The following purchases were made in the fourth quarter of the fiscal year ended December 31, 2023.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchase under the Plans or Programs
October 1, 2023 through October 31, 2023	4,407	\$ 2.24	692,168	\$ 0
November 1, 2023 through November 30, 2023	2,300	\$ 2.02	693,368	\$ 0
December 1, 2023 through December 31, 2023	0	\$ N/A	693,368	\$ 0
Total	693,368	\$ 1.74	693,368	\$ 0

Item 6. [Reserved]

Not required.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the results of financial condition and results of operations for the fiscal years ended December 31, 2023 and 2022 should be read in conjunction with our financial statements, and the notes to those financial statements that are included elsewhere in this Form 10-K.

Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

Key Events and Recent Developments

On December 12, 2023, we entered into a Share Exchange Agreement with Evtec Aluminium and the shareholders of Evtec Aluminium ("Sellers"). Upon the terms and subject to the satisfaction of the conditions described in the Share Exchange Agreement, we expect to acquire all of the issued and outstanding share capital of Evtec Aluminium, with the result of Evtec Aluminium becoming a wholly-owned subsidiary of the Company. At the closing of the Exchange, the Evtec Aluminium shareholders will receive shares of our common stock in exchange for capital shares of Evtec Aluminium based on the exchange ratio formula in the Share Exchange Agreement. Upon closing of the Exchange, the Evtec Aluminium shareholders are expected to collectively own 73.2% of the aggregate common stock of the Company. See Part I, Item 1 "Business – Recent Developments."

Overview

We are a financial technology and social media hybrid platform offering real-time proprietary analytics and news for stock and options traders of all levels. Our web-based software employs "predictive technology" enhanced by artificial intelligence to find volatility and unusual market activity that may result in the rapid change in the trading price of a stock or option. Our Blackbox System continuously scans the NASDAQ, NYSE, CBOE, and other options markets, analyzing over 10,000 stocks and up to 1,500,000 options contracts multiple times per second. We also provide our users with a fully interactive social media platform that is integrated into our dashboard, enabling our users to exchange information and ideas quickly and efficiently including the ability to broadcast on their own channels to share trading strategies and market insight within the Blackbox community.

We launched our platform for domestic use and made it available to subscribers in September 2016. Subscriptions for the use of the platform are sold on a monthly and/or annual subscription basis to individual consumers through our website.

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Our principal office is located at 5430 LBJ Freeway, Suite 1485, Dallas, Texas 75240 and our telephone number is (972) 726-9203. Our Common Stock is listed on the Nasdaq Capital Market under the symbol "BLBX." Our corporate website is located at <https://blackboxstocks.com>.

Basis of Presentation

The accompanying financial statements have been prepared in assumption of the continuation of the Company as a going concern, which is dependent upon the Company's ability to obtain sufficient financing or establish itself as a profitable business. For the year ended December 31, 2023, the Company incurred an operating loss of \$5,297,671 and a net loss of \$4,664,455 as compared to an operating loss of \$4,546,026 and a net loss of \$5,019,882 for the year ended December 31, 2022. Cash flows used in operations totaled \$3,166,067 for the year ended December 31, 2023. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company has executed a Share Exchange Agreement with Evtec Aluminium, whereby the Company expects to acquire all of the issued and outstanding share capital of Evtec Aluminium, with the result of Evtec Aluminium becoming a wholly-owned subsidiary of the Company. The Exchange is expected to be accounted for as a reverse acquisition with Evtec Aluminium being the accounting acquiror. The Company believes that the Exchange with Evtec Aluminium will attract additional capital investment as Evtec Aluminium is substantially larger than Blackbox and has a strong acquisition pipeline. Management has also implemented a number of initiatives aimed at improving operating cash flow including, new product development, revised marketing strategies and expense reductions. In addition, the Company has historically been able to raise debt or equity financing to meet its capital needs and is also evaluating strategic alternatives with respect to possible mergers or acquisitions. There can be no assurance that the Company's operational changes will impact its cash flow or if it will be able to raise additional capital or on what terms or if it will be able to consummate the planned Exchange with Evtec Aluminium.

The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

Recently Issued Accounting Pronouncements

During the year ended December 31, 2023 and through March 28, 2024, there were several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB"). Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's financial statements.

All other new accounting pronouncements issued but not yet effective or adopted have been deemed not to be relevant to us, hence are not expected to have any impact once adopted.

Summary of Significant Accounting Policies

Use of Estimates

The Company's financial statement preparation requires that management make estimates and assumptions which affect the reporting of assets and liabilities and the related disclosure of contingent assets and liabilities in order to report these financial statements in conformity with GAAP. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the customer's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

Derivative Financial Instruments

FASB ASC Topic 820, *Fair Value Measurement* requires bifurcation of certain embedded derivative instruments, and measurement at their fair value for accounting purposes. A holder redemption feature embedded in the Company's notes payable requires bifurcation from its host instrument and is accounted for as a freestanding derivative.

Software Development Costs

The Company accounts for software development costs pursuant to ASC Topic 985-Software, which requires that the costs incurred for planning, designing, coding and testing of software prior to technological feasibility be recorded as research and development expenses as incurred. Such costs include both internal development and engineering costs as well as development expenses contracted through third parties.

Income Taxes

The Company will recognize deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Management evaluates the probability of the realization of its deferred income tax assets. Management determined that because the Company has not yet generated taxable income, it is unlikely that a tax benefit will be realized from these operating loss carry forwards. Accordingly, the deferred income tax asset is offset by a full valuation allowance.

In accordance with ASC Topic 740, *Income Taxes*, the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Share-Based Payment

All share-based payments to employees, directors and contractors, including grants of stock options, restricted shares or warrants, are recognized in the statement of operations based on their fair values at the time of grant in accordance with ASC Topic 718, Compensation - Stock Compensation.

During the period ended December 31, 2022, the Company calculated the fair value of the options granted based on assumptions used in the Cox-Ross-Rubinstein binomial pricing model using the following inputs: the price of the Company's common stock on the date of issuance; risk-free interest rate ranging from 2.72% to 3.37%, expected volatility ranging from 110% to 127% based on the volatility of the Company's common stock, various exercise prices, and terms of 10 years.

During the period ended December 31, 2023, the Company calculated the fair value of the options granted based on assumptions used in the Cox-Ross-Rubinstein binomial pricing model using the following inputs: the price of the Company's common stock on the date of issuance; risk-free interest rates ranging from 3.73% to 4.44%, expected volatility ranging from 130% to 140% based on the volatility of the Company's common stock, various exercise prices, and terms of 10 years.

Liquidity and Capital Resources

At December 31, 2023, the Company had a combined balance of cash and marketable securities with a total value of \$475,652. The Company incurred negative cash flow from operations of \$(3,166,067) for the year ended December 31, 2023 as compared to negative cash flow from operations of \$(4,285,039) in the prior year. Cash flows used in investing activities excluding marketable securities were \$2,605 and \$65,941 for the years ended December 31, 2023 and 2022, respectively, and were related primarily to the purchase of server equipment and office furniture. With the exception of the liquidation of \$3,213,325 of marketable securities consisting of certain debt funds, the purchase and sales of marketable securities was done in a company trading account with less than \$100,000 that is used to research and demonstrate certain trading tactics used on our platform. We expect capital expenditures to remain moderate for 2024 in order to maintain our current operations. Cash flows from financing for the year ended December 31, 2023 was \$(56,383) and consisted of \$28,773 in repayments of debt and \$27,650 in purchases of treasury stock.

As noted above, the Company may need to raise additional debt or equity capital in order to fund its operations. There can be no assurance that the Company will be able to do so or on what terms.

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Results of Operations

Comparison of Years Ended December 31, 2023 and 2022

For the years ended December 31, 2023 and 2022, the Company's revenue was \$3,106,026 and \$4,959,109, respectively. The decrease of \$1,853,023 or 37.4% was driven primarily by a decline in subscribers which we believe to a number of factors including a poor economic environment and an increase in competition from both legitimate competitors and illegitimate competitors. Illegitimate competitors include sites or chat rooms that sell pirated data from companies such as Blackbox. Our average subscriber count for the year ended December 31, 2023 was 3,411 or 37.1% lower than the year ended December 31, 2022. Average monthly revenue per subscriber was \$75.88 per month for the year ended December 31, 2023 as compared to \$75.75 for the year ended December 31, 2022. The Company continues to run periodic promotions that offer discounts from our regular monthly subscription of \$99.97 and annual subscription price of \$959.00. This included a Cyber Monday/Black Friday promotion of a 2-year membership for \$1,198 in 2023. Gross margin for the year ended December 31, 2023 was \$1,439,834 or 46.4% of revenues as compared to 2022 gross margin of \$2,878,230 or 58.0% of revenues. The decrease in the gross margin percentage from 2022 to 2023 was due to a lower average revenue per subscriber and poorer fixed cost absorption. The primary costs of operating our platform include data feeds of real time prices from exchanges, news feeds, personnel costs of our moderators as well as general system expenses.

For the year ended December 31, 2023, our operating expenses decreased from \$7,424,256 in 2022 to \$6,737,505 in 2023. This decrease of \$686,751 or 9.3% was due to substantially lower software development costs and advertising and marketing expenses. Software development expenses declined by \$279,420 as 2022 expenses included expenditures related to the release of our mobile application and an unusually high level of expense related to infrastructure development. We expect our development expenses in 2024 to remain at or below their current level. Advertising and marketing expenses declined by \$838,718 in 2023 as compared to 2022. 2023 Advertising and marketing expenses of \$629,984 declined as a result of a lack of cost-effective digital marketing opportunities as compared to prior years. We continue to explore different marketing strategies that are more cost effective. Our selling, general and administrative costs increased by \$410,705 or 8.7% to \$5,140,391 for the year ended December 31, 2023. The increase resulted from an increase in stock-based compensation of \$1,007,192 and higher legal fees that were only partially offset by lower most other expenses most notably investor and public relations which declined by \$342,108.

For the year ended December 31, 2023, other income was \$633,216 as compared to other expense of \$473,856 for the year ended December 31, 2022. The year ended December 31, 2023 included other income of \$575,000 related to the extension agreement executed with the Evtec Companies. The primary components of the 2022 expense were interest expense of \$98,451 and amortization of debt discount of \$46,597 and an investment loss of \$328,718.

[Table of Contents](#)**EBITDA (Non-GAAP Financial Measure)**

We report our financial results in accordance with accounting principles generally accepted in the United States of America ("GAAP"). However, management believes the presentation of certain non-GAAP financial measures provides useful information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations, and that when GAAP financial measures are viewed in conjunction with the non-GAAP financial measures, investors are provided with a more meaningful understanding of the Company's ongoing operating performance. In addition, these non-GAAP financial measures are among the primary indicators management uses as a basis for evaluating performance. For all non-GAAP financial measures in this release, we have provided corresponding GAAP financial measures for comparative purposes in the report.

EBITDA is defined by us as net income (loss) before interest expense, income tax, depreciation and amortization expense and certain non-cash. EBITDA is not a measure of operating performance under GAAP and therefore should not be considered in isolation nor construed as an alternative to operating profit, net income (loss) or cash flows from operating, investing or financing activities, each as determined in accordance with GAAP. Also, EBITDA should not be considered as a measure of liquidity. Moreover, since EBITDA is not a measurement determined in accordance with GAAP, and thus is susceptible to varying interpretations and calculations, EBITDA, as presented, may not be comparable to similarly titled measures presented by other companies.

Reconciliation of net loss to EBITDA

	Year ended December 31,	
	2023	2022
Net loss	\$ (4,664,455)	\$ (5,019,882)
Adjustments:		
Interest expense	633	98,541
Investment (income) loss	(58,849)	328,718
Depreciation and amortization expense	43,410	22,728
Amortization of debt discount	-	46,597
Stock based compensation	1,489,652	482,460
Total Adjustments	1,533,695	979,044
EBITDA	<u>\$ (3,130,760)</u>	<u>\$ (4,044,838)</u>

Off Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our Company is a "smaller reporting company" as defined by Rule 12b-2 of the Exchange Act, and as such, is not required to provide the information required under this Item.

Item 8. Financial Statements and Supplementary Data.

All financial statements required by this Item are presented beginning on Page F-1, and are incorporated herein by this reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

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Evaluation of Disclosure Controls and Procedures

Gust Kepler, our principal executive officer and Robert Winspear, our principal financial officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of December 31, 2023, pursuant to Exchange Act Rule 13a-15. Such disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to the appropriate management on a basis that permits timely decisions regarding disclosure. Based upon that evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures as of December 31, 2023 were effective to provide reasonable assurance that information required to be disclosed in the Company's periodic filings under the Exchange Act is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of our annual financial statements, our principal executive officer and principal financial officer have assessed the effectiveness of internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO Framework, and SEC guidance on conducting such assessments. Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls. Based on this evaluation and qualified by the "Limitations on Effectiveness of Controls" set forth in this Item 9A below, management has determined that as of December 31, 2023, our internal controls over financial reporting were effective and there are no material weaknesses in our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, wherein non-accelerated filers are exempt from Sarbanes-Oxley internal control audit requirements.

Changes in Internal Control Over Financial Reporting

There were no other changes in our internal controls over financial reporting during the year ended December 31, 2023 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

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Limitations on the Effectiveness of Controls

Our disclosure controls and procedures provide our principal executive officer and principal financial officer with reasonable assurances that our disclosure controls and procedures will achieve their objectives. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting can or will prevent all human error. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are internal resource constraints, and the benefit of controls must be weighed relative to their corresponding costs. Because of the limitations in all control systems, no evaluation of controls can provide complete assurance that all control issues and instances of error, if any, within our company are detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur due to human error or mistake. Additionally, controls, no matter how well designed, could be circumvented by the individual acts of specific persons within the organization. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all potential future conditions.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III**Item 10. Directors, Executive Officers and Corporate Governance.****Directors and Executive Officers**

The following table sets forth the names, ages and positions of our executive officers and directors. All directors of our Company hold office until the next annual meeting of stockholders or until their successors have been elected and qualified. The executive officers of our Company are appointed by our Board and hold office until their death, resignation or removal from office.

Name	Age	Position(s) Held
Executive Officers		
Gust Kepler	59	Director, President and Chief Executive Officer
Robert Winspear	58	Director, Chief Financial Officer and Secretary
Eric Pharis	48	Chief Operating Officer
Charles Smith	53	Chief Technology Officer
Non-Employee Directors		
Ray Balestri*	64	Director (1) (2) (3)
Keller Reid*	43	Director (1) (2) (3)
Dalya Sulaiman*	57	Director (1) (2) (3)

* Independent Director as defined by Nasdaq Rule 5605(a)(2).

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Member of the Nominating and Governance Committee.

Executive Officers

Gust Kepler, Chairman of the Board, President and Chief Executive Officer. Mr. Kepler was appointed to serve as a director and our President and Chief Executive Officer on December 1, 2015. Mr. Kepler also serves as the President of G2 International, Inc. ("G2"). G2 is a consulting firm with expertise in investment banking founded by Mr. Kepler in 2002. G2's primary focus is taking private companies public and providing advice regarding capitalization, strategic planning and investor relations. Prior to founding G2, Mr. Kepler founded Parallax Entertainment, Inc. ("Parallax") in 1996. Parallax was an independent record label, online promotional vehicle and e-commerce solution for musicians on the Internet. Mr. Kepler managed all aspects of the label including A&R, production, marketing and distribution. In 2000, Mr. Kepler successfully completed a direct public offering for the company and Parallax subsequently became a publicly traded company on the OTC Bulletin Board. Mr. Kepler was also the cofounder of Glance Toys, Ltd. ("Glance Toys") which was formed in 1990. Glance Toys designed, manufactured and marketed products classified in junior sporting goods category. Products included foam balls, flying discs and beach products, some of which received patents. Glance Toy's products were sold nationally in prominent chains such as Wal-Mart, Target, Toys R Us, 7-Eleven, and numerous other well-known retailers. The Company believes that Mr. Kepler's experience as the Company's founder and Chief Executive Officer as well as his previous experience in marketing and advising public companies on capitalization and investor relations give him the qualifications and skills to serve as a member of the Board.

Robert Winspear, Director, Chief Financial Officer and Secretary. Mr. Winspear was appointed as a Director and our Chief Financial Officer and Secretary on September 11, 2021. Prior to joining the Company, Mr. Winspear had been the President of Winspear Investments LLC, a Dallas based private investment firm specializing in lower middle market transactions, since 2002. Winspear Investments has made investments in a wide range of industries including banking, real estate, distribution, supply chain management, mega yacht marinas and hedge funds. Mr. Winspear was Vice President, Secretary and Chief Financial Officer of Excel Corporation, a credit card processing company (formerly EXCC:OTC) from May of 2014 to June of 2017. Mr. Winspear is on the board of directors of Alpha Financial Technologies/EAM Corporation, located in Dallas, Texas and VII Peaks Co-Optivist Income BDC II, Inc. an investment management company located in Orinda, California. Mr. Winspear earned a BBA and a MPA from the University of Texas at Austin. The Company believes that Mr. Winspear's broad experience in accounting, finance, mergers and acquisitions as well as corporate governance with public and private entities gives him the qualifications and skills necessary to serve as a director of our Company.

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Eric Pharis, Chief Operating Officer. Mr. Pharis is a founder of Blackboxstocks and was appointed Chief Operating Officer on September 11, 2021. Mr. Pharis has been working in quantitative finance for over 20 years. Prior to founding the Company with Mr. Kepler, Mr. Pharis worked in the proprietary trading operations of Daytek Securities, a pioneer in the area of electronic and algorithm trading, and also founded high frequency trading firm Blackbox Karma in 2005 as well as quantBrasil, a fully quantitative, computer driven hedge fund in Brazil launched in 2012 and EDM Operators, a commodities trading company using automated software based on news events launched in 2014. Mr. Pharis directs the development of the Company's proprietary algorithms as well as data analysis. Mr. Pharis earned a bachelor of mechanical engineering from the University of Texas at Austin and a master of operations research with a certificate in financial engineering from Cornell University.

Charles Smith, Chief Technology Officer. Mr. Smith was appointed Chief Technology Officer on December 1, 2021. Prior to be appointed Chief Technology Officer, Mr. Smith served as a principal of Cyfeon Solutions, a consulting firm he founded in 2009. Cyfeon is a Financial Services vertical focused on operational and regulatory compliance and since 2016 was the lead architect and developer of the Company's web-based application. Mr. Smith earned an MBA from Southern Methodist University, a BBA in CIS from Texas State University and served four years in the United States Marine Corps.

Non-Employee Directors

Ray Balestri, Director. Mr. Balestri was appointed to serve as a director on September 11, 2021. Mr. Balestri has been a partner with Bell Nunnally since 2009 and has over 30 years' experience as a corporate attorney. His practice focuses on assisting businesses with a wide variety of matters, including mergers and acquisitions, business sales and spin-offs, private placements, private equity and venture capital investments, C-level employment agreements and employee equity plans, and general corporate counseling in a broad array of industries. In addition to his legal experience Mr. Balestri has significant investment experience in a wide variety of private companies with over 40 holdings through his family investment partnership. Mr. Balestri earned a B.S. in mathematics from the University of Illinois and a J.D. from Harvard University. The Company believes that Mr. Balestri's substantial legal knowledge as well as his merger and acquisition experience gives him the qualifications and skills necessary to serve as a director of our Company

Keller Reid, Director. Mr. Reid was appointed as a director on January 31, 2023. Mr. Reid has served as the Director of Technology and Trading for Ackerman Capital, a Dallas Based family office, for the past nine years. In that position, he has accumulated an extensive knowledge and background in both the technology and strategic aspects of trading systems. Previously, Mr. Reid served as Vice President, Head of Execution Sales and Strategy at Apex Clearing (formerly Penson Execution Services). While at Penson, Mr. Reid developed an electronic routing algorithm that was granted a patent by the United States Patent and Trademark Office, (U.S. 8015099). Mr. Reid holds a Bachelor of Science degree from Carnegie Mellon University

Dalya Sulaiman, Director. Ms. Sulaiman was appointed to serve as a director on September 11, 2021. Ms. Sulaiman has been founder and CEO of Dalya Imar Insaat, a construction company based in Istanbul Turkey since 2008. In addition to her role at Dalya Imar Insaat, Ms. Sulaiman serves as a consultant to Tepe Construction (a family-owned construction company) on industrial and commercial construction projects globally and represents certain food and beverage brands expanding into new markets. Ms. Sulaiman also manages other real estate investments for MAM Abramenko as well as brand management. Ms. Sulaiman graduated from Texas Christian University with a BBA. The Company believes that Ms. Sulaiman's international business experience and relationships gives her the qualifications and skills necessary to serve as a director of our Company.

Family Relationships

There are no family relationships between any director or officer of the Company and any other such person.

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Involvement in Certain Legal Proceedings

No director nor any executive officer has not been convicted in a criminal proceeding, excluding traffic violations or similar misdemeanors, nor has he or she been a party to any judicial or administrative proceeding during the past ten years that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws, except for matters that were dismissed without sanction or settlement.

Leadership Structure of the Board

The Board does not currently have a policy on whether the same person should serve as both the Chief Executive Officer and Chairman of the Board or, if the roles are separate, whether the Chairman should be selected from the non-employee directors or should be an employee. The Board believes that it should have the flexibility to make these determinations at any given point in time in the way that it believes best to provide appropriate leadership for the Company at that time. Gust Kepler currently serves as Chief Executive Officer of the Company and Chairman of the Board. The Company does not currently have a lead independent director.

Board Role in Risk Oversight and Management

The Board has an active role in the oversight and management of the Company's risks and carries out its role directly and through Board committees. The Board's direct role in the Company's risk management process includes regular or periodic receipt and discussion of reports from management and the Company's outside counsel and advisers on areas of material risk to the Company, including operational, strategic, financial, legal and regulatory risks.

The Board has also delegated the oversight and management of certain risks to the Audit and Compensation Committees of the Board. The Audit Committee is responsible for the oversight of Company risks relating to accounting matters, financial reporting and related party transactions. To satisfy these oversight responsibilities, the Audit Committee meets with, receives and discusses reports from the Chief Financial Officer, the Company's independent registered public accountant, and the Company's outside counsel as needed. The Compensation Committee is responsible for the oversight of risks relating to the Company's compensation and benefit programs. To satisfy these oversight responsibilities, the Compensation Committee meets with, receives and discusses reports from the Chief Executive Officer and the Chief Financial Officer to understand the financial, human resources and stockholder implications of compensation and benefit decisions.

The Board has also addressed risk through the adoption of corporate policies. The Board has adopted a Code of Ethics and Business Conduct that is designed to ensure that directors, officers and employees of the Company are aware of their legal and ethical responsibilities and conduct the Company's business in a consistently legal and ethical manner.

Hedging Policy

The Company's insider trading policy prohibits all officers and directors of the Company and its subsidiaries, and any other person designated from time to time by the Company as being a "Company Insider," as well as his or her immediate family members, from participating in hedging or monetization transactions, such as prepaid variable forwards, equity swaps, collars, and exchange funds, involving Company securities.

Committees

The Board has established Audit, Compensation, and Nominating and Governance Committees to devote attention to specific subjects and to assist it in the discharge of its responsibilities. The functions of the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee are described below.

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Audit Committee

We have a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The Audit Committee's responsibilities include, among other things: (i) selecting and retaining an independent registered public accounting firm to act as our independent auditors, setting the compensation for our independent auditors, overseeing the work done by our independent auditors and terminating our independent auditors, if necessary, (ii) periodically evaluating the qualifications, performance and independence of our independent auditors, (iii) pre-approving all auditing and permitted non-audit services to be provided by our independent auditors, (iv) reviewing with management and our independent auditors our annual audited financial statements and our quarterly reports prior to filing such reports with the SEC, including the results of our independent auditors' review of our quarterly financial statements, and (v) reviewing with management and our independent auditors significant financial reporting issues and judgments made in connection with the preparation of our financial statements. The Audit Committee also prepares the Audit Committee report that is required to be included in our annual proxy statement pursuant to the rules of the SEC. We have adopted an Audit Committee charter which can be found on our investor website at <https://blackboxstocks.com>.

The Audit Committee is composed of Ray Balestri (Chairman), Keller Reid, and Dalya Sulaiman. The Audit Committee was formed on September 11, 2021 in order for us to meet our corporate governance requirements for listing on the Nasdaq Capital Market. The Audit Committee met 3 times in 2023. Under the applicable rules and regulations of the Nasdaq Capital Market, each member of the Audit Committee must be considered independent in accordance with Nasdaq Rule 5605(c)(2)(A)(i) and (ii) and Rule 10A-3(b)(1) under the Exchange Act. The Board has determined that each of the members is "independent" as that term is defined under applicable Nasdaq and SEC rules. The Audit Committee has at least one financial expert (as defined by 407 (d)(5)(ii) of Regulation S-K). The board has also determined that Ray Balestri meets the qualifications of an "audit committee financial expert," as defined under the applicable rules and regulations of the SEC.

Compensation Committee

The Compensation Committee is composed of Ray Balestri (Chairman), Keller Reid and Dalya Sulaiman, each of whom is an independent director, as defined by Nasdaq Rule 5605(a)(2). The Compensation Committee was formed on September 11, 2021 in order for us to meet our corporate governance requirements for listing on the Nasdaq Capital Market. The Compensation Committee met twice in 2023. The Compensation Committee is empowered to advise management and make recommendations to the Board with respect to the compensation and other employment benefits of executive officers, key employees and directors of the Company. The Compensation Committee also administers the Company's stock incentive plan for officers, directors, employees and consultants. The Compensation Committee is authorized, among other powers, to determine from time to time the individuals to whom options shall be granted, the number of shares to be covered by each option and the time or times at which options shall be granted pursuant to our stock incentive plans. We have adopted a Compensation Committee charter which can be found on our investor website at <https://blackboxstocks.com>.

Compensation Committee Processes and Procedures

The Compensation Committee meets at least once annually and with greater frequency if necessary. The agenda for each meeting is developed by the Chair of the Compensation Committee, in consultation with the Chief Executive Officer and the Chief Financial Officer. The Compensation Committee meets from time to time in executive session. In addition, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, to provide financial or other background information or advice or to otherwise participate in Compensation Committee meetings. The Chief Executive Officer may not participate in, or be present during, any deliberations or determinations of the Compensation Committee regarding his compensation. The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of the Company. In addition, under the charter, the Compensation Committee has the authority to obtain, at the expense of the Company, advice and assistance from compensation consultants and internal and external legal, accounting or other advisors and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. The Compensation Committee has direct responsibility for the oversight of the work of any consultants or advisers engaged for the purpose of advising the Committee. In particular, the Compensation Committee has the sole authority to retain, in its sole discretion, compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms. Under the charter, the Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Compensation Committee, other than in-house legal counsel and certain other types of advisers, only after taking into consideration six factors, prescribed by the SEC and Nasdaq, that bear upon the adviser's independence; however, there is no requirement that any adviser be independent. To date, the Compensation Committee has not engaged any consultants.

Nominating and Governance Committee

The Nominating and Governance Committee is composed of Ray Balestri (Chairman), Keller Reid and Dalya Sulaiman, each of whom is an independent director, as defined by Nasdaq Rule 5605(a)(2). The Nominating and Governance Committee was formed on September 11, 2021 in order for us to meet our corporate governance requirements for listing on the Nasdaq Capital Market. The Nominating and Governance Committee met one time in 2023. We have adopted a Nominating and Governance Committee charter which can be found on our investor website at <https://blackboxstocks.com>.

The Nominating and Governance Committee has not adopted a formal policy with regard to consideration of director candidates recommended by security holders. For vacancies which are anticipated on the Board, the Nominating and Governance Committee intends to seek out and evaluate potential candidates from a variety of sources that may include recommendations by security holders, members of management and the Board, consultants and others. The minimum qualifications for potential candidates for the Board include demonstrated business experience, decision-making abilities, personal integrity and a good reputation. While diversity is not a leading factor in the Nominating and Governance Committee's evaluation of potential candidates and there is no formal policy for considering diversity when nominating a potential director, it is a consideration that is evaluated along with other qualifications of potential candidates. In light of the foregoing, it is believed that a formal, written policy and procedure with regard to consideration of director candidates recommended by security holders is not necessary in order for the Nominating and Governance Committee to perform its duties. The Corporate Nominating and Governance Committee identifies and recommends to the Board individuals qualified to serve as directors of the Company, advises the Board with respect to its committees' composition, oversees the evaluation of the Board, and oversees other matters of corporate governance.

Code of Business Conduct and Ethics

We have adopted a formal Code of Ethics and Business Conduct applicable to all Board members, officers and employees. Our Code of Ethics and Business Conduct can be found on the Corporate Governance section of the investor relations page of our website at <https://blackboxstocks.com>.

Item 11. Executive Compensation.

The following table sets forth all compensation for the last two fiscal years awarded to, earned by or paid to our principal executive officer and our two other most highly compensated executive officers serving during the last completed fiscal year (collectively, the "Named Executives"):

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus (2)	Stock Awards	Total (1)
Gust Kepler, Director, President and Chief Executive Officer (Principal Executive Officer)	2023	\$ 200,000	\$ 14,058	--	\$ 214,058
	2022	\$ 66,833	\$ 7,461	--	\$ 74,294
Robert Winspear, Director, Chief Financial Officer and Secretary (Principal Financial Officer)	2023	\$ 200,000	--	--	\$ 200,000
	2022	\$ 200,000	--	-	\$ 200,000
Charles Smith, Chief Technology Officer	2023	\$ 180,000	--	--	\$ 180,000
	2022	\$ 180,000	--	-	\$ 180,000

(1) Other than the remuneration discussed above, during the periods described we had no retirement, pension, profit sharing, or similar program for the benefit of the officers, directors or employees of the Company.

(2) Reflects cash bonus payment.

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Outstanding Equity Awards at Fiscal Year End

The following table sets forth information regarding outstanding stock options and other equity awards held by each of our Named Executives as of December 31, 2023:

Name	Date	Equity Awards			Expiration Date
		Number of Securities Underlying Unexercised awards	Exercise Price	Exercisable	
Gust Kepler		0	0		
Robert Winspear (1)	9-11-2021	18,750	6,250	\$ 7.80	9-11-2031
Charles Smith (2)	11-29-2021	8,681	3,819	\$ 13.68	11-29-2031

(1) Equity award is in the form of a warrant
(2) Equity award is in the form of a stock option

Narrative Disclosure to Summary Compensation and Outstanding Equity Awards at Fiscal Year End Tables

Gust Kepler, a director and our President and Chief Executive Officer was paid an annual salary of \$12,000 until September 1, 2022 at which time his salary was increased to 200,000. Mr. Kepler was paid a discretionary cash bonus of \$14,058 and \$7,481 in 2023 and 2022, respectively.

Robert Winspear, a director and our Chief Financial Officer and Secretary was appointed to serve as Chief Financial Officer and Secretary on September 11, 2021. Mr. Winspear's salary is \$200,000 per year. Mr. Winspear was also granted a warrant to purchase 25,000 shares of Common Stock at a price of \$7.80 per share. The shares vest ratably over 36 months and the warrant is exercisable for ten years. Prior to joining the Company, Winspear Investments LLC, which is jointly owned by Mr. Winspear and his wife, performed consulting services for the Company and received 25,000 shares of stock as compensation for such services in 2021.

Charles Smith was appointed to serve as our Chief Technology Officer on November 29, 2021. Mr. Smith's salary is \$180,000 per year. Mr. Smith was granted an option to purchase 12,500 shares of Common Stock at a price of \$13.68 per share. The option vests monthly over 36 months and is exercisable for ten years. Prior to joining the Company Cypheon Solutions Inc., which is 100% owned by Mr. Smith, performed consulting services for the Company and was paid \$183,062 during 2021.

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Employment Agreements

The Company has not entered into any other employment agreement or consulting agreement with any Named Executive or director of the Company providing for compensation and all serve at the discretion of our Board.

Compensation of Directors

Our non-employee directors are currently paid an annual cash retainer of, or equity incentives valued at, \$30,000 per year and receive an option grant of 5,000 shares of our common stock. Officers do not receive additional compensation for serving as directors.

The following table sets forth certain information with respect to the compensation paid to our non-employee directors, excluding reasonable travel expenses, for the year ended December 31, 2023.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Andrew Malloy (2)	3,333					3,333
Keller Reid (1) (2)	20,000	30,000	4,792	0	0	54,792
Ray Balestri (1)	10,000	30,000	5,000	0	0	45,000
Dalya Sulaiman (1)	30,000	0	5,000	0	0	35,000

(1) Non-employee directors receive an annual retainer of \$30,000 payable in cash or stock. Mr. Malloy, Mr. Reid and Ms. Sulaiman were paid in cash for their service through September of 2023 and Mr. Balestri received a grant of 7,353 shares in lieu of cash. For the period from October of 2023 through September 2024 Mr. Balestri and Ms. Sulaiman elected to be paid in cash and Mr. Reid received a stock grant of 11,858 shares. Non-employee directors also received an option to purchase 1,250 shares of Common Stock which vests over one year.

(2) Mr. Malloy resigned as a director effective January 6, 2023 and Mr. Reid was appointed as a director on January 31, 2023

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth the aggregate number of shares subject to outstanding equity awards held by our non-employee directors as of December 31, 2023.

Name	Grant date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)
Keller Reid (1)	11-17-2023	12,016	\$ 33,884
Ray Balestri	11-17-2023	1,146	\$ 9,949
Dalya Sulaiman (1)	11-17-2023	1,146	\$ 1,125

(1) Based on options for 1,250 shares granted to Mr. Balestri and Ms. Sulaiman which vest over twelve months and a market price of \$2.82 on December 29, 2023.

(2) Based on an option for 1,250 shares and a restricted stock grant of 11,858 shares granted to Mr. Reid which vest over twelve months and a market price of \$2.82 on December 29, 2023.

Registrant's Action to Recover Erroneously Awarded Compensation

We had no accounting restatements requiring the recovery of erroneously awarded compensation as of December 31, 2023.

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Securities Authorized for Issuance under Equity Compensation Plans

2021 Equity Incentive Plan

On August 4, 2021, our Board of Directors and our stockholders approved the adoption of the 2021 Stock Incentive Plan (the "2021 Plan") and it became effective August 31, 2021. We amended the 2021 Plan effective October 6, 2022 to increase the number of shares available for issuance from 187,500 to 312,500 and again on February 6, 2023 to increase the number of shares available for issuance from 312,500 to 612,500. Participation in the 2021 Plan will continue until all of the benefits to which the participants are entitled have been paid in full. The following table sets forth our equity compensation 2021 plan information as of December 31, 2023.

Plan	Number of securities to be issued upon exercise of outstanding options and rights (1)	Weighted-average exercise price of outstanding options and rights (1)	Number of securities remaining available for issuance under equity compensation plans
2021 Stock Incentive Plan	211,875	\$ 8.91	53,623
Total	211,875	\$ 8.91	53,623

(1) Excludes restricted stock grants for 347,003 shares under the 2021 Plan. Because there is no exercise price associated with the restricted stock grants, such shares are not included in the weighted-average price calculation.

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Beneficial Ownership of Principal Shareholders and Management

The following table sets forth information regarding the beneficial ownership of our Common Stock and Series A Preferred Stock as of March 28, 2024, unless otherwise indicated, by: (1) each person known to us to be the beneficial owner of more than 5% of each class of our capital stock; (2) each director of the Company; (3) the Company's current named executive officers and (4) all current directors and executive officers as a group. To the best of our knowledge, each of the persons named in the table below as beneficially owning the shares set forth therein has sole voting power and sole investment power with respect to such shares, unless otherwise indicated. Applicable percentages are based upon 3,226,145 shares of Common Stock and 3,269,998 shares of Series A Preferred Stock outstanding as of March 28, 2024. All Common Stock amounts have been adjusted for the 1 for 4 reverse stock split effected on April 10, 2023. Unless otherwise specified, the address of each of the persons set forth below is in care of the Company, at the address of 5430 LBJ Freeway, Suite 1485, Dallas, Texas 75240.

Title of Class	Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock			
As Individuals	Gust Kepler (2)	583,210	18.1%
	Eric Pharis	197,904	6.1%
	Robert Winspear (3)	65,474	2.0%
	Charles Smith (4)	46,736	1.4%
	Ray Balestri (5)(7)	43,228	1.3%
	Dalya Sulaiman (5)	30,799	*
	Keller Reid (6)	14,398	*
As a Group	Executive Officers and Directors as a group (7 persons)	980,185	30.4%
	David Kyle	208,334	6.5%
	Stephen Chiang 8 Kitchener Link City Square Residences #21-14 Singapore 207226	250,000	7.7%
Series A Preferred Stock			
As a Group	Officers and Directors (1 person)	3,269,998	100%
As Individuals	Gust Kepler	3,269,998	100%
*Less than 1%			
(1) Beneficial ownership is calculated in accordance with the rules of the SEC in accordance with Rule 13d-3(d)(1) of the Exchange Act. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or will become exercisable within 60 days following March 28, 2024 are deemed outstanding. However, these shares are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated in the footnotes to this table, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable.			
(2) Includes 192 shares owned by Judy Children Inheritance Trust for which Mr. Kepler serves as trustee. Excludes 3,269,998 shares of Series A Preferred Stock held by Mr. Kepler (separately noted in the table) which may be converted on a 5-for-1 share ratio (for a total of 653,999 shares of common stock) based upon the Company's current market capitalization and the limitations provided for in our Conversion Agreement with Mr. Kepler. Each share of Series A Preferred Stock held by Mr. Kepler is entitled to 100 votes on all stockholder matters, and along with the common stock held by Mr. Kepler collectively represents approximately 59.3% of our issued and outstanding capital stock and approximately 99.2% of the voting power of our stockholders.			
(3) Includes 37,000 shares owned by Winspear Investments LLC which is 100% owned by Mr. Winspear and his wife, and 6,250 shares owned by ACM Winspear Investments L.P. of which Mr. Winspear is general partner. Also includes 22,222 shares underlying a warrant exercisable by Mr. Winspear for 25,000 shares that vest over 36 months that are exercisable within 60 days of March 28, 2024.			
(4) Includes 36,667 shares owned by Cyfeon Solutions Inc which is controlled by Mr. Smith and 5,903 shares underlying an option granted to Mr. Smith to purchase 12,500 shares which vest over 36 months that are exercisable within 60 days March 28, 2024.			
(5) Includes 3,021 shares underlying options that are exercisable within 60 days of March 28, 2024 resulting from options granted to Mr. Balestri and Ms. Sulaiman to purchase 3,750 shares of Common Stock under the 2021 Plan which vest ratably over twelve months.			
(6) Includes 1,771 shares underlying an option that is exercisable within 60 days of the date of this Information Statement resulting from an option to purchase 1,250 shares of Common Stock under the 2021 Plan which vest ratably over twelve months			
(7) Includes 12,500 shares held by Balestri Family Investments LP, and 5,092 shares held by Mr. Balestri for his minor children.			

[Table of Contents](#)**Item 13. Certain Relationships and Related Transactions, and Director Independence.****Related Transactions**

On March 16, 2023, the Company purchased 282,501 shares of Common Stock from Gust Kepler, a director and our Chief Executive Officer at a price of \$0.28 per share. The purchase of these shares was done in order to reduce Mr. Kepler's cash bonus for 2022. The shares acquired from Mr. Kepler were subsequently retired and added back to authorized but unissued shares.

Director Independence

Our common stock is listed on the Nasdaq Capital Market. Under the rules of Nasdaq, independent directors must comprise a majority of a listed company's board of directors. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees be independent. Under the rules of Nasdaq, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Compensation committee members must also satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act.

In order to be considered independent for purposes of Rule 10A-3 and Rule 10C-1, a member of an audit committee or compensation committee of a listed company may not, other than in his or her capacity as a member of the committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

We have undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, we determined that each of Messrs. Keller Reid and Ray Balestri and Ms. Dalya Sulaiman representing three of our five directors, are considered "independent directors" as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of Nasdaq.

Item 14. Principal Accounting Fees and Services.**Principal Accountant Fees and Services**

The following table sets forth aggregate fees billed to the Company for professional services by our independent registered public accounting firm, Turner, Stone & Company, L.L.P. for the fiscal years ended December 31, 2023 and 2022:

	2023	2022
Audit Fees (1)	\$ 63,912	\$ 55,968
Audit-Related Fees (2)	---	---
Tax Fees (3)	3,750	5,000
All Other Fees	---	---
Total Fees	67,662	60,968

(1) "Audit Fees" consist of fees for professional services rendered in connection with the audit of our annual consolidated financial statements, including audited financial statements presented in our annual report on Form 10-K, review of our quarterly financial statements presented in our quarterly report on Form 10-Q and services that are normally provided by our independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years, including audit services in connection with filing registration statements, and amendments thereto.

(2) "Audit-related Fees" consist of fees related to audit and assurance procedures not otherwise included in Audit Fees, including fees related to the application of GAAP to proposed transactions and new accounting pronouncements.

(3) "Tax Fees" consist of professional services rendered for tax compliance, tax advice or tax planning.

Audit Committee Pre-Approval

Our Audit Committee pre-approves all auditing services and permitted non-audit services to be performed for us by our independent auditor, including the fees and terms thereof. All of the services described above were approved by our Audit Committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Financial Statements

The following documents are filed as part of this Report on Form 10-K beginning on the pages referenced below:

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID # 76)	F-1
Balance Sheets as of December 31, 2023 and 2022	F-2
Statements of Operations for the years ended December 31, 2023 and 2022	F-3
Statements of Stockholders' Deficit for the years ended December 31, 2023 and 2022	F-4
Statements of Cash Flows for the years ended December 31, 2023 and 2022	F-5
Notes to Financial Statements	F-6 – F-15

(b) Exhibits

The following exhibits are filed with this Report on Form 10-K or are incorporated by reference as described below.

Exhibit	Description
3.1	Articles of Incorporation of SMSA Ballinger Acquisition Corp. (incorporated by reference to Exhibit 3.4 of the Company's Registration Statement on Form 10-12G filed with the Commission on August 5, 2014).
3.2	Certificate of Designation of Series A Preferred Stock dated December 1, 2015 (incorporated by reference to Exhibit 3.1 of the Company' s Information Statement on Form 8-K filed with the Commission on December 7, 2015).
3.3	Certificate of Amendment to Articles of Incorporation dated effective March 9, 2016. (incorporated by reference to Exhibit 3.9 of the Company' s Annual Report on Form 10-K filed with the Commission on April 14, 2016).
3.4	Certificate of Amendment to Articles of Incorporation dated effective as of July 15, 2019 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Commission on July 15, 2019).
3.5	Certificate of Amendment to Articles of Incorporation dated effective as of April 10, 2023 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Commission on April 10, 2023).
3.6	Certificate of Designation of Series B Preferred Stock dated June 8, 2023 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Commission on June 9, 2023).
3.7	Amended and Restated Bylaws of Blackboxstocks, Inc. adopted and effective on April 18, 2022 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Commission on April 19, 2022).
4.1	Description of Securities (incorporated by reference to Exhibit 4.1 of the Company' s Annual Report on Form 10-K filed with the Commission on April 16, 2020).
4.2	Blackboxstocks, Inc. 2021 Stock Incentive Plan (amended and restated effective as of February 6, 2023) (incorporated by reference to Appendix A to the Company's Information Statement on Schedule 14C filed on December 29, 2022).
4.3	Common Stock Purchase Warrant issued to Alexander Capital, L.P. (incorporated by reference to Exhibit 4.1 of the Company 's Current Report on Form 8-K filed with the Commission on November 16, 2021)

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10.1	Second Amendment to Office Lease dated September 19, 2017 between Teachers Insurance and Annuity Association of America and Blackboxstocks, Inc. (incorporated by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K filed with the Commission on April 17, 2018).
10.2	Conversion Rights Agreement dated effective as of October 14, 2021 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on October 15, 2021).
10.3	Securities Exchange Agreement between Blackboxstocks Inc. and Evtec Group Limited dated June 9, 2023 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on June 9, 2023).
10.4	Amendment to the Amended Letter of Intent among Blackboxstocks Inc., Evtec Group Limited, Evtec Automotive Limited, and Evtec Aluminium Limited dated November 24, 2023 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on November 24, 2023).
10.5	Forfeiture Agreement between Blackboxstocks Inc. and Evtec Group Limited dated November 28, 2023 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Commission on November 24, 2023).
10.6	Share Exchange Agreement dated December 12, 2023 among Blackboxstocks, Inc., Evtec Aluminium Limited, and the shareholders of Evtec Aluminium Limited (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the Commission on December 12, 2023).
10.7	Option Agreement between Blackboxstocks, Inc. and Gust Kepler (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on December 12, 2023 and is included as Exhibit C in the Share Exchange Agreement dated December 12, 2023).
10.8	Form of Contingent Value Rights Agreement (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Commission on December 12, 2023 and is included as Exhibit E in the Share Exchange Agreement dated December 12, 2023).
24.1	Power of Attorney (contained in signature page to this Annual Report on Form 10-K).
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14a/Rule 14d-14(a)*
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14a/Rule 14d-14(a)*
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350*
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350*
97.1	Executive Incentive Compensation Recoupment Policy*
101.1	Inline Interactive data files pursuant to Rule 405 of Regulation S-T*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

* Filed herewith.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 1, 2024

BLACKBOXSTOCKS INC.

By: /s/ Gust Kepler
Gust Kepler
President, Chief Executive Officer and Director

Date: April 1, 2024

By: /s/ Robert Winspear
Robert Winspear
Chief Financial Officer, Secretary and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Gust Kepler and Robert Winspear, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to act on, sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, proxy, and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, proxy and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons in the capacities set forth opposite their names and on April 1, 2024.

Name	Title
<u>/s/ Gust Kepler</u> Gust Kepler	President, Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Robert Winspear</u> Robert Winspear	Chief Financial Officer, Secretary and Director (Principal Accounting and Financial Officer)
<u>/s/ Ray Balestri</u> Ray Balestri	Director
<u>/s/ Keller Reid</u> Keller Reid	Director
<u>/s/ Dalya Sulaiman</u> Dalya Sulaiman	Director

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Blackboxstocks, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Blackboxstocks, Inc. (the "Company") as of December 31, 2023 and 2022, and the related statements of operations, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and used cash in its operating activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Turner, Stone & Company, L.L.P.

We have served as the Company's auditor since 2015.

Dallas, Texas
April 1, 2024

Blackboxstocks Inc.
Balance Sheets
December 31, 2023 and 2022

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash	\$ 472,697	\$ 425,578
Accounts receivable, net of allowance for doubtful accounts of \$ 68,589 at December 31, 2023 and 2022, respectively	18,212	59,613
Inventory	3,464	15,464
Marketable securities	2,955	3,216,280
Other receivable	475,000	-
Prepaid expenses and other current assets	35,161	190,120
Total current assets	<u>1,007,489</u>	<u>3,907,055</u>
Property and equipment:		
Software, office, computer and related equipment, net of depreciation of \$ 147,820 and \$ 104,410 at December 31, 2023 and 2022, respectively	52,281	93,086
Right of use lease	344,370	335,640
Total property and equipment	<u>396,651</u>	<u>428,726</u>
Investments	8,424,000	-
Total assets	<u>\$ 9,828,140</u>	<u>\$ 4,335,781</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 842,404	\$ 730,099
Accrued interest	1,613	1,613
Unearned subscriptions	1,295,514	1,022,428
Lease liability right of use, current	64,818	70,002
Note payable, current portion	28,064	28,733
Total current liabilities	<u>2,232,413</u>	<u>1,852,875</u>
Long term liabilities:		
Note payable	11,550	39,614
Lease liability right of use, long term	287,417	265,639
Total long term liabilities	<u>298,967</u>	<u>305,253</u>
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$ 0.001 par value, 5,000,000 shares authorized; no shares issued and outstanding at December 31, 2023 and 2022, respectively	-	-
Series A Convertible Preferred Stock, \$ 0.001 par value, 5,000,000 shares authorized; 3,269,998 issued and outstanding at December 31, 2023 and 2022, respectively	3,270	3,270
Series B Convertible Preferred Stock, \$ 0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively	-	-
Common stock, \$ 0.001 par value, 100,000,000 shares authorized: 3,223,015 and 3,298,033 issued and outstanding at December 31, 2023 and 2022, respectively	3,223	3,298
Common stock payable	-	23,340
Treasury stock	(27,650)	(1,102,375)
Additional paid in capital	26,802,808	18,070,556
Accumulated deficit	(19,484,891)	(14,820,436)
Total stockholders' equity	<u>7,296,760</u>	<u>2,177,653</u>
Total liabilities and stockholders' equity	<u>\$ 9,828,140</u>	<u>\$ 4,335,781</u>

The accompanying footnotes are an integral part of these financial statements.

Blackboxstocks Inc.
Statements of Operations
For the years ended December 31, 2023 and 2022

	For the years ended December 31,	
	2023	2022
Revenue:		
Subscriptions	\$ 3,096,112	\$ 4,927,002
Other revenues	9,914	32,107
Total revenues	<u>3,106,026</u>	<u>4,959,109</u>
 Cost of revenues		
	1,666,192	2,080,879
 Gross margin		
	<u>1,439,834</u>	<u>2,878,230</u>
 Operating expenses:		
Software development costs	923,720	1,203,140
Selling, general and administrative	5,140,391	4,729,686
Advertising and marketing	629,984	1,468,702
Depreciation and amortization	43,410	22,728
Total operating expenses	<u>6,737,505</u>	<u>7,424,256</u>
 Operating income (loss)		
	<u>(5,297,671)</u>	<u>(4,546,026)</u>
 Other (income) expense:		
Interest expense	633	98,541
Amortization of debt discount and issuance costs	-	46,597
Other income	(575,000)	-
Investment (income) loss	(58,849)	328,718
Total other (income) expense	<u>(633,216)</u>	<u>473,856</u>
 Loss before income taxes		
	<u>(4,664,455)</u>	<u>(5,019,882)</u>
 Income Taxes		
	-	-
 Net loss		
	<u>(4,664,455)</u>	<u>(5,019,882)</u>
 Weighted average number of common shares outstanding - basic and diluted		
	<u>3,219,224</u>	<u>3,296,559</u>
 Net loss per share - basic and diluted	<u>\$ (1.45)</u>	<u>\$ (1.52)</u>

The accompanying footnotes are an integral part of these financial statements.

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Blackboxstocks Inc.
Statement of Stockholders' Equity
For the years ended December 31, 2023 and 2022

Preferred Stock	Series A		Series B		Common Stock		Common Stock Payable	Treasury Stock	Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount					
Balances, December 31, 2021	- \$	- 3,269,998	\$ 3,270	- \$	- 3,274,924	\$ 3,275	\$ 15,000	\$	\$ 17,596,459	\$ (9,800,554)	\$ 7,817,450
Purchase of treasury stock	-	-	-	-	-	-	-	-	1,102,375	-	(1,102,375)
Cashless exercise of warrants	-	-	-	-	-	21,597	22	-	-	(22)	-
Vesting of warrants for compensation	-	-	-	-	-	-	-	-	-	127,520	- 127,520
Vesting of options for compensation	-	-	-	-	-	-	-	-	-	316,600	- 316,600
Common stock payable for compensation	-	-	-	-	-	-	38,340	-	-	-	38,340
Common stock issued for common stock payable	-	-	-	-	-	1,512	1	(30,000)	-	29,999	-
Net loss	-	-	-	-	-	-	-	-	-	(5,019,882)	5,019,882
Balances, December 31, 2022	- \$	- 3,269,998	\$ 3,270	- \$	- 3,298,033	\$ 3,298	\$ 23,340	\$ 1,102,375	\$ 18,070,556	\$ (14,820,436)	\$ 2,177,653
Issuance of stock for partial shares resulting from reverse split	-	-	-	-	-	8,838	8	-	-	(8)	-
Purchase of treasury stock	-	-	-	-	-	-	-	-	(106,750)	-	(106,750)
Retirement of treasury stock	-	-	-	-	-	(454,441)	(454)	-	1,181,475	1,181,021	(454)
Vesting of warrants for compensation	-	-	-	-	-	-	-	-	-	127,520	- 127,520
Vesting of options for compensation	-	-	-	-	-	-	-	-	-	444,383	- 444,383
Issuance of stock for compensation	-	-	-	-	-	370,585	371	(23,340)	-	917,378	- 894,409
Issuance of stock for investment	-	-	-	2,400,000	2,400	-	-	-	-	8,421,600	- 8,424,000
Forfeiture of stock	-	-	-	(2,400,000)	(2,400)	-	-	-	-	2,400	-
Net loss	-	-	-	-	-	-	-	-	-	(4,664,455)	4,664,455
Balances, December 31, 2023	- \$	- 3,269,998	\$ 3,270	- \$	- 3,223,015	\$ 3,223	\$ (27,650)	\$ 26,802,808	\$ (19,484,891)	\$ 7,296,760	

The accompanying footnotes are an integral part of these financial statements.

Blackboxstocks Inc.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (4,664,455)	\$ (5,019,882)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	43,410	22,728
Amortization of note discount and issuance costs	-	46,597
Stock based compensation	1,454,062	482,460
Investment (income) loss	(58,849)	328,718
Changes in operating assets and liabilities:		
Accounts receivable	41,401	(41,028)
Inventory	12,000	(1,897)
Other receivable	(475,000)	
Prepaid expenses and other current assets	75,859	37,320
Right of use lease	7,864	-
Accounts payable	124,555	144,484
Accrued interest	-	(4,931)
Unearned subscriptions	273,086	(279,608)
Net cash used in operating activities	<u>(3,166,067)</u>	<u>(4,285,039)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,605)	(65,941)
Purchase of marketable securities	(11,293,184)	(25,537,164)
Sale of marketable securities	14,565,358	30,008,048
Net cash provided by investing activities	<u>3,269,569</u>	<u>4,404,943</u>
Cash flows from financing activities:		
Purchase of treasury stock	(27,650)	(1,102,375)
Principal payments on senior secured note payable	-	(990,000)
Principal payments on notes payable	(28,733)	(28,448)
Net cash used in financing activities	<u>(56,383)</u>	<u>(2,120,823)</u>
Net increase (decrease) in cash	\$ 47,119	\$ (2,000,919)
Cash - beginning of year	425,578	2,426,497
Cash - end of year	<u>\$ 472,697</u>	<u>\$ 425,578</u>
Supplemental disclosures:		
Interest paid	\$ 552	\$ 103,473
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Non-cash investing and financing activities:		
Treasury stock purchased with other assets	\$ 79,100	\$ -
Retirement of treasury stock	<u>\$ 1,181,475</u>	<u>\$ -</u>
Shares issued for investment	<u>\$ 8,424,000</u>	<u>\$ -</u>
Forfeiture of shares	<u>\$ 2,400</u>	<u>\$ -</u>
Cashless exercise of warrants	<u>\$ -</u>	\$ 87
Common stock issued for common stock payable	<u>\$ -</u>	<u>\$ 30,000</u>

The accompanying footnotes are an integral part of these financial statements.

1. Organization

Blackboxstocks Inc. (the "Company") was incorporated on October 4, 2011 under the laws of the State of Nevada under the name SMSA Ballinger Acquisition Corp. to effect the reincorporation of Senior Management Services of Heritage Oaks at Ballinger, Inc., a Texas corporation, mandated by a Plan of Reorganization confirmed by the United States Bankruptcy Court for the Northern District of Texas for reorganization under Chapter 11 of the United States Bankruptcy Code.

The Company changed its name to Blackboxstocks, Inc. and began operating as a financial technology and social media platform in March 2016. The platform offers real-time proprietary analytics and news for stock and options traders of all levels. The Company believes its web-based software employs "predictive technology" enhanced by artificial intelligence to find volatility and unusual market activity that may result in the rapid change in the price of a stock or option. The software continuously scans the NASDAQ, New York Stock Exchange, CBOE, and other options markets, analyzing over 10,000 stocks and up to 1,500,000 options contracts multiple times per second. The Company also provides users with a fully interactive social media platform that is integrated into our dashboard, enabling users to exchange information and ideas quickly and efficiently through a common network. Recently, the Company also introduced a live audio/video feature that allows members to broadcast on their own channels to share trade strategies and market insight within the community. The platform was initially made available to subscribers in September 2016. Subscriptions for the use of the platform are sold on a monthly and/or annual subscription basis to individual consumers through the Company website at <http://blackboxstocks.com>.

The Company is listed on the Nasdaq Capital Market ("Nasdaq") under the symbol "BLBX".

2. Summary of Significant Accounting Policies

Basis of Presentation. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP").

Going Concern. The accompanying financial statements have been prepared in assumption of the continuation of the Company as a going concern, which is dependent upon the Company's ability to obtain sufficient financing or establish itself as a profitable business. For the year ended December 31, 2023, the Company incurred an operating loss of \$ 5,297,671 and a net loss of \$ 4,664,455 . In addition, for the year ended December 31, 2022, the Company incurred an operating loss of \$ 4,546,026 and a net loss of \$ 5,019,882 . Cash flows used in operations totaled \$ 3,166,067 for the year ended December 31, 2023. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company has executed a share exchange agreement with Evtec Aluminium Ltd ("Evtec"), whereby the Company expects to acquire all of the issued and outstanding share capital of Evtec with the result of Evtec becoming a wholly-owned subsidiary of the Company (the "Exchange"). in the Exchange will be accounted for as a reverse acquisition with Evtec being the accounting acquiror. The Company believes that the merger with Evtec will attract additional capital investment as Evtec is substantially larger than Blackbox and has a strong acquisition pipeline. Management has also implemented a number of initiatives aimed at improving operating cash flow including, new product development, revised marketing strategies and expense reductions. In addition, the Company has historically been able to raise debt or equity financing to meet its capital needs and is also evaluating strategic alternatives with respect to possible mergers or acquisitions. There can be no assurance that the Company's operational changes will impact its cash flow or if it will be able to raise additional capital or on what terms or if it will be able to execute the planned merger with Evtec.

The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

Use of Estimates. The Company's financial statement preparation requires that management make estimates and assumptions which affect the reporting of assets and liabilities and the related disclosure of contingent assets and liabilities in order to report these financial statements in conformity with GAAP. Actual results could differ from those estimates.

Segments. The Company operates as a single segment.

Cash. Cash includes all highly liquid investments that are readily convertible to known amounts of cash and have original maturities at the date of purchase of three months or less.

The Company maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). The FDIC provides coverage of up to \$250,000 per depositor, per financial institution, for the aggregate total of depositors' interest and non-interest-bearing accounts. At December 31, 2023, the Company's cash balance exceeded FDIC limits by approximately \$ 137,000 . The Company has not experienced any losses on these accounts and management does not believe that the Company is exposed to any significant risks.

Accounts Receivable. Accounts receivable consists of invoiced and unpaid sales. The Company records an allowance for doubtful accounts to allow for any amounts that may not be recoverable, which is based on an analysis of the Company's prior collection experience, customer credit worthiness, and current economic trends. Accounts are considered delinquent when payments have not been received within the agreed upon terms and are written off when management determines that collection is not probable.

Investments in Marketable Securities. The Company has invested in marketable securities which primarily consist of investments in mutual funds that hold commercial and government debt securities. These investments are recorded at fair value based on quoted prices at the end of the Company's reporting period. Any realized or unrealized gains or losses are recognized in the accompanying statements of operations.

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Blackboxstocks Inc. Notes to Financial Statements

Property and Equipment. The Company's property and equipment is being depreciated on the straight-line basis over an estimated useful life of three years.

Impairment of Long-lived Assets. The Company evaluates long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. This includes but is not limited to significant adverse changes in business climate, market conditions or other events that indicate an asset's carrying amount may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of each asset to the future cash flows the asset is expected to generate. If the cash flows used in the test for recoverability are less than the carrying amount of these assets, the carrying amount of such assets is reduced to fair value.

Income Taxes. The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Management evaluates the probability of the realization of its deferred income tax assets. Management determined that because the Company has not yet generated taxable income, it is unlikely that a tax benefit will be realized from these operating loss carry forwards. Accordingly, the deferred income tax asset is offset by a full valuation allowance.

In accordance with ASC Topic 740, Income Taxes, the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Revenue Recognition. The Company operates under a software as a service (SaaS) model whereby we sell monthly and annual subscriptions allowing subscribers access to our platform. We recognize revenue over the subscription period (either monthly or annual) and record cash received but not yet earned as unearned subscriptions on our balance sheet.

Additionally, the Company receives revenues from commissions and the sale of promotional products which are presented as other revenues on the accompanying statements of operations. Commission revenues are recognized as they are earned and revenues from the sale of promotional products are recognized upon shipment.

Software Development Costs. The Company accounts for software development costs pursuant to ASC Topic 985, Software, which requires that the costs incurred for planning, designing, coding and testing of software prior to technological feasibility be recorded as research and development expenses as incurred. Such costs include both internal development and engineering costs as well as development expenses contracted through third parties.

Advertising Expenses. The Company accounts for its advertising and marketing expenses in accordance with ASC 720-35-50 and expenses all costs as incurred including direct expenses of advertisement placement as well as the cost of producing or creating the advertisement.

Prepaid Expenses. Prepaid expenses are current assets created when the Company makes payments or incurs an obligation for expenses identified for a future period. These amounts are charged to expense as the services are provided.

Leases. The Company uses the right-of-use ("ROU") model to account for leases where the Company is the lessee, which requires an entity to recognize a lease liability and ROU asset on the lease commencement date. A lease liability is measured equal to the present value of the remaining lease payments over the lease term and is discounted using the incremental borrowing rate, as the rate implicit in the Company's leases is not readily determinable. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow, on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment. Lease payments include payments made before the commencement date and any residual value guarantees, if applicable. When determining the lease term, the Company includes option periods that it is reasonably certain to exercise as failure to renew the lease would impose a significant economic detriment.

For operating leases, minimum lease payments or receipts, including minimum scheduled rent increases, are recognized as rent expense were the Company is a lessee on a straight-line basis ("Straight-Line Rent") over the applicable lease terms. The excess of the Straight-Line Rent over the minimum rents paid is included in the ROU asset where the Company is a lessee. Short-term lease cost for operating leases includes rental expense for leases with a term of less than 12 months.

Stock-Based Compensation. The Company may issue stock options to employees and stock options or warrants to non-employees in non-capital raising transactions for services and for other costs. The cost of stock options and warrants issued is measured on the grant date based on the fair value using the Cox-Ross-Rubinstein option pricing model. The resulting amount is charged to expense on the straight-line basis over the period in which the Company expects to receive the benefit, which is generally the vesting period.

The Cox-Ross-Rubinstein option model requires management to make various estimates and assumptions, including expected term, expected volatility, risk-free rate, and dividend yield. The expected term represents the period of time that stock-based compensation awards granted are expected to be outstanding and is estimated based on considerations including the vesting period, contractual term and anticipated employee exercise patterns. Expected volatility is based on the historical volatility of the Company's stock. The risk-free rate is based on the U.S. Treasury yield curve in relation to the contractual life of stock-based compensation instrument. The dividend yield assumption is based on historical patterns and future expectations for the Company dividends.

Recently Issued Accounting Pronouncements. In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-09 ("ASU 2023-09"), Income Taxes, which enhances the transparency of income tax disclosures by expanding annual disclosure requirements related to the rate reconciliation and income taxes paid. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted. The Company is currently evaluating this ASU to determine its impact on the Company's disclosures.

In November 2023, the FASB issued Accounting Standards Update 2023-07 ("ASU 2023-07"), Segment Reporting, which improves reportable segment disclosure requirements. ASU 2023-07 primarily enhances disclosures about significant segment expenses by requiring that a public entity disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss. This ASU also (i) requires that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment, and a description of its composition; (ii) requires that all annual disclosures are provided in the interim periods; (iii) clarifies that if the CODM uses more than one measure of profitability in assessing segment performance and deciding how to allocate resources, that one or more of those measures may be reported; (iv) requires disclosure of the title and position of the CODM and a description of how the reported measures are used by the CODM in assessing segment performance and in deciding how to allocate resources; (v) requires that an entity with a single segment provide all new required disclosures. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 and requires retrospective application. Early adoption is permitted. The amendments under ASU 2023-07 relate to financial disclosures and its adoption will not have an impact on the Company's results of operations, financial position or cash flows. The Company will adopt

ASU 2023-07 for the annual reporting period ending December 31, 2024 and for interim reporting periods thereafter. Adoption is not expected to have any impact on the Company's disclosures.

Subsequent Events. The Company has evaluated all transactions through the date the financial statements were issued for subsequent event disclosure or adjustment consideration. No such events required disclosure.

Earnings or (Loss) Per Share. Basic earnings per share (or loss per share), is computed by dividing the earnings (loss) for the period by the weighted average number of common stock shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities by including other potentially issuable shares of common stock, including shares issuable upon conversion of convertible securities or exercise of outstanding stock options and warrants, in the weighted average number of common shares outstanding for the period. Therefore, because including shares issuable upon conversion of convertible securities and/or exercise of outstanding options and warrants would have an anti-dilutive effect on the loss per share, only the basic earnings (loss) per share is reported in the accompanying financial statements for period of loss.

The Company had total potential additional dilutive securities outstanding at December 31, 2023 and 2022, as follows.

	2023	2022
Series A Convertible Preferred Shares	3,269,998	3,269,998
Conversion rate	0.2	0.2
Common shares after conversion	654,000	654,000
Series B Convertible Preferred Shares	2,400,000	-
Option shares	215,625	167,561
Warrant shares	109,584	109,584

3. Investments and Marketable Securities

Marketable Securities

The Company determines the fair values of its financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs may be used to measure fair value:

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access;

Level 2 inputs utilize other-than-quoted prices that are observable, either directly or indirectly and include quoted prices for similar assets and liabilities in active markets, and inputs such as interest rates and yield curves that are observable at commonly quoted intervals; and

Level 3 inputs are unobservable and are typically based on our own assumptions, including situations where there is little, if any, market activity.

The Company's marketable securities are highly liquid and are quoted on major exchanges and are therefore classified as Level 1 securities.

The following table summarizes the Company's assets that were measured and recognized at fair value as of December 31, 2023 and 2022:

	Level 1	Level 2	Level 3	Total
Balance at December 31, 2021	\$ 8,015,882	\$ -	\$ -	\$ 8,015,882
Purchases	25,537,164	-	-	25,537,164
Sales	(30,008,048)	-	-	(30,008,048)
Change in fair value	(328,718)	-	-	(328,718)
Balance at December 31, 2022	\$ 3,216,280	\$ -	\$ -	\$ 3,216,280
Purchases	11,293,184	-	-	11,293,184
Sales	(14,565,358)	-	-	(14,565,358)
Change in fair value	58,849	-	-	58,849
Balance at December 31, 2023	<u>\$ 2,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,955</u>

Investments

Evtec Group Limited ("Evtec Group") operates through a single subsidiary, Evtec Automotive Limited, as a supplier of critical automotive parts to the automobile manufacturing industry. Evtec is based in the UK and provides complete assemblies to auto manufacturers, simplifying sourcing, saving time on procurement, and increasing production efficiency. Their pick and pack service supplies aftermarket automotive products, as well as offering kitting and fulfilment for non-automotive businesses. Their business focuses on premium luxury brands and a market transition to electric vehicles and includes Jaguar Land Rover Group as their largest customer.

On June 9, 2023, the Company entered into a Securities Exchange Agreement with Evtec Group whereby the Company issued 2,400,000 shares of Series B Convertible Preferred Stock (the "Series B Stock") (Note 4) in exchange for 4,086 preferred shares of Evtec Group. The Company's CEO and controlling stockholder, Gust Kepler, provided a written consent of such approval to Evtec Group in connection with the Securities Exchange Agreement. Upon conversion of the Series B Stock, the 2,400,000 shares would represent approximately 43 % of the total common shares outstanding. The Evtec Group preferred shares are convertible into common shares of Evtec Group on a one-for-one basis upon a change in control or the listing of Evtec Group on Nasdaq or the London Stock Exchange. Upon conversion, the Evtec Group shares held by the Company would represent 14 % of the outstanding common stock of Evtec Group.

On November 24, 2023, the Company entered into a Binding Amendment to Amended Letter of Intent (the "LOI Amendment") with Evtec Group, Evtec Automotive Limited, and Evtec (the "Evtec Companies"), which amended a non-binding Amended Letter of Intent (the "LOI") dated April 14, 2023. Pursuant to the LOI Amendment, the Company has agreed to continue to negotiate in good faith to consummate a proposed acquisition of the Evtec Companies contemplated by the LOI (the "Proposed Transaction"), subject to the terms of the LOI Amendment.

As a condition to the Company's continued good faith negotiations regarding the Proposed Transaction, the Evtec Companies agreed to (i) pay the Company aggregate extension fees totaling \$ 400,000 which were guaranteed by a credit worthy affiliate of the Evtec Companies, (ii) provide extension loans of up to \$ 400,000 to the Company if the Proposed Transaction has not closed on or before April 1, 2024, (iii) pay the Company amounts in cash equal to any documented legal fees and third-party expenses incurred or payable by the Company in connection with the Proposed Transaction up to \$ 175,000 , including any such expenses incurred prior to the date of the LOI Amendment, (iv) forfeit and return 2,400,000 shares of the Series B Stock acquired by Evtec Group under the terms of that certain Securities Exchange Agreement, and (v) permit the Company to convert each of the 4,086 preferred shares of Evtec Group issued to the Company pursuant to the Securities Exchange Agreement into one ordinary share of Evtec Group. The Company recorded \$ 575,000 as other income on the statement of operations of which \$ 475,000 was outstanding as of December 31, 2023 and classified as other receivable on the balance sheet as of December 31, 2023.

As provided for in the LOI Amendment, Evtec Group entered into a Forfeiture Agreement with the Company dated November 28, 2023 in which Evtec Group agreed to forfeit all of its right, title and interest in and to the 2,400,000 shares of Series B Stock acquired by Evtec Group pursuant to the Securities Exchange Agreement in order to further induce the Company to continue to negotiate in good faith to consummate the Proposed Transaction. Pursuant to the Forfeiture Agreement, the Company has no obligation to make any payment to Evtec Group, in cash or otherwise, for any such Series B Stock that are so forfeited. The Series B Stock forfeited by Evtec Group were cancelled as of the date as of the date of the Forfeiture Agreement.

On December 12, 2023, the Company entered into a Share Exchange Agreement (the Share Exchange Agreement") with Evtec Aluminium, and the shareholders of Evtec Aluminium ("Sellers"). Upon the terms and subject to the satisfaction of the conditions described in the Share Exchange Agreement, the Company will acquire all of the issued and outstanding Evtec Aluminium Ordinary Shares, with the result of Evtec Aluminium becoming a wholly-owned subsidiary of the Company (the "Exchange"). At the closing of the Exchange (the "Closing"), the Sellers will receive shares of common stock of the Company, \$0.001 par value, in exchange for capital shares of Evtec Aluminium based on the exchange ratio formula in the Share Exchange Agreement (the "Exchange Ratio"), which is subject to adjustment in the event Evtec Aluminium raises capital before Closing in excess of \$ 5,000,000 . Immediately following Closing, based upon the Exchange Ratio, the Sellers are expected to collectively own 73.2 % of the aggregate common stock of the Company. Discussions for the Company to acquire Evtec Group are ongoing. See Note 9.

The Company's initial investment in Evtec Group was measured in accordance with ASC 820-10-30. The value of the Series B Stock issued by the Company was set by the closing price of its common stock on the day prior to closing of \$ 3.51 as reported by Nasdaq. As a result, the 2,400,000 Series B Stock shares were valued at \$ 8,424,000 . The value of the investment was reviewed for impairment as of December 31, 2023.

4. Stockholders' Equity

The Company has authorized 10,000,000 shares of preferred stock at \$ 0.001 par value, 5,000,000 of which are designated as "Series A Convertible Preferred Stock" at \$ 0.001 par value, 2,400,000 of which are designated as "Series B Convertible Preferred Stock" at \$ 0.001 par value, and 100,000,000 authorized shares of common stock at \$ 0.001 par value ("Common Stock") of which 3,223,015 were outstanding at December 31, 2023. The Company also held 10,607 shares of treasury stock at a cost of \$ 27,650 at December 31, 2023.

Shares of Series A Convertible Preferred Stock (the "Series A Stock") rank pari passu with the Company's Common Stock with respect to dividend and liquidation rights. Additionally, each share entitles the holder to 100 votes. There are 3,269,998 shares of Series A Stock outstanding which are all held by Gust Kepler, the Company's Chairman and Chief Executive Officer ("Mr. Kepler"). The Company and Mr. Kepler entered into Conversion Rights Agreement dated effective as of October 14, 2021, limiting the rights of the holder(s) of our outstanding shares of Series A Stock to convert such shares into Common Stock on a one-for-one basis. Pursuant to the terms of the Conversion Rights Agreement, the Designation Conversion Rights are limited and exercisable based upon the Company reaching the following Market Capitalization thresholds, measured on the last day of each calendar quarter:

- If the Company's Market Capitalization is less than \$ 150,000,000 , the outstanding Series A Stock will be convertible into Common Stock on a 5 -for-1 share basis;
- If the Company's Market Capitalization is equal to or greater than \$ 150,000,000 but less than \$ 200,000,000 , the outstanding Series A Stock will be convertible into Common Stock on a 3.3 -for-1 share basis;
- If the Company's Market Capitalization is equal to or greater than \$ 200,000,000 but less than \$ 250,000,000 , the outstanding Series A Stock will be convertible into Common Stock on a 2.5 -for-1 share basis;
- If the Company's Market Capitalization is equal to or greater than \$ 250,000,000 but less than \$ 350,000,000 the outstanding Series A Stock will be convertible into Common Stock on a 1.75 -for-1 share basis;
- If the Company's Market Capitalization is equal to or greater than \$ 350,000,000 the outstanding Series A Stock will thereafter convertible into Common Stock pursuant to the Designation Conversion Rights (on a 1-for-1 share basis).

The Agreement terminates when the last share of Series A Stock is either converted or the largest Market Capitalization Threshold is met.

The Series B Stock has no dividend rights and no voting rights except as required by law or the Company's bylaws. The Series B Stock is convertible into common shares on a one-for-one basis. Prior to the stockholder approval, the Series B Stock is not convertible into more than 19.9 % of the Company's outstanding common stock. No shares of Series B Stock were outstanding at December 31, 2023.

During January 2022, 21,597 shares of common stock were issued for the cashless exercise of a warrant for the purchase of 30,000 shares.

On January 7, 2022, the Company's Board of Directors authorized a stock repurchase plan for up to \$ 2,500,000 of the Company's common stock. As of December 31, 2023, the Company has repurchased 454,441 shares for an aggregate purchase price of \$ 1,209,125 . The stock repurchase plan to terminated on December 31, 2023.

On August 11, 2022, the Company entered into a services agreement whereby a third-party service provider received 9,000 shares of common stock which vested monthly over 12 months.

In February of 2023, the Company retired 171,940 shares of Common Stock acquired pursuant to its stock repurchase plan. In March of 2023, the Company acquired 282,501 shares of its common stock from Mr. Kepler at a price of \$ 0.28 per share and then retired these shares returning them to authorized but unissued shares (See Note 7).

On April 10, 2023, the Company filed an Amendment to the Company's Articles of Incorporation with the Nevada Secretary of State to effect the Reverse Stock Split at a Split Ratio of one-for-four. The Amendment took effect April 10, 2023, and the Company's Common Stock began trading on a split-adjusted basis on The Nasdaq Capital Market at the commencement of trading on April 11, 2023, under the Company's existing symbol "BLBX."

There was no change in the par value of our Common Stock or Preferred Stock.

As a result of the Reverse Stock Split, every 4 shares of the Company's Common Stock issued and outstanding immediately prior to the Effective Time was consolidated into one issued and outstanding share. In addition, proportionate adjustments were made to the exercise prices of the Company's outstanding stock options and warrants and to the number of shares issued and issuable under the Company's existing stock incentive plans.

The impact of the reverse stock split has been retroactively applied to these financial statements.

5. Warrants to Purchase Common Stock

The following table presents the Company's warrants as of December 31, 2023 and 2022:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life (in years)</u>
Warrants as of December 31, 2021	139,584	\$ 13.12	5.09
Issued	-	\$ -	-
Exercised	(30,000)	\$ 4.00	3.28
Warrants as of December 31, 2022	<u>109,584</u>	<u>\$ 13.24</u>	<u>4.53</u>
Issued	-	\$ -	-
Exercised	-	\$ -	-
Warrants as of December 31, 2023	<u>109,584</u>	<u>\$ 13.25</u>	<u>3.53</u>

At December 31, 2023, warrants for the purchase of 104,028 shares were vested and warrants for the purchase of 5,556 shares remained unvested. The Company expects to incur expenses for the unvested warrants totaling \$ 85,016 as they vest.

6. Incentive Stock Plan

On August 4, 2021, our Board of Directors created and our stockholders approved the 2021 Blackboxstocks, Inc. Incentive Stock Plan (the "2021 Plan") which became effective August 31, 2021. Effective October 7, 2022, the Company's Stockholders approved an amendment and restatement of the 2021 Plan to increase the numbers of issuable shares from 187,500 to 312,500. On February 6, 2023 the Company's stockholders approved the amendment and restatement the 2021 Plan to increase the number of shares available for issuance from 312,500 to 612,500 shares. The 2021 Plan allows the Company, under the direction of the Board of Directors or a committee thereof, to make grants of stock options, restricted and unrestricted stock and other stock-based awards to employees, including our executive officers, consultants and directors.

During September 2022, 7,353 shares of restricted common stock were granted to a director which vested quarterly over twelve months. As of September 30, 2023, all shares of the restricted common stock shares have vested.

During November 2023, 11,858 shares of restricted common stock were granted to a director which vest monthly over twelve months. As of December 31, 2023, 918 shares of the restricted common stock shares have vested.

During the year ended December 31, 2023, 342,374 shares of restricted common stock were granted. The restricted shares, valued at \$ 856,384, were vested at issuance.

The following table presents the Company's options as of December 31, 2023 and 2022:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life (in years)</u>
Options as of December 31, 2021	168,959	\$ 12.28	9.69
Issued	20,500	\$ 7.08	10.00
Forfeited	(21,898)	\$ 12.08	9.10
Exercised	-	\$ -	-
Options as of December 31, 2022	167,561	\$ 11.68	8.78
Issued	78,750	\$ 3.59	10.00
Forfeited	(30,686)	\$ 9.90	8.78
Exercised	-	\$ -	-
Options as of December 31, 2023	215,625	\$ 8.97	8.37

At December 31, 2023, options to purchase 174,068 shares were vested and options to purchase 41,557 shares remained unvested. The Company expects to incur expenses for the unvested options totaling \$ 212,140 as they vest.

7. Related Party Transactions

On March 16, 2023, the Company purchased 282,501 shares of Common Stock from Mr. Kepler at a price of \$ 0.28 per share. The purchase of these shares was done in lieu of Mr. Kepler in order to reduce Mr. Kepler's cash bonus for 2022. The shares acquired from Mr. Kepler were subsequently retired and added back to authorized but unissued shares.

8. DebtNotes Payable

On May 1, 2020, pursuant to the Paycheck Protection Program under the Coronavirus Aid Relief and Economic Security Act ("CARES Act"), the Company received a loan of \$ 130,200 . The loan carries an interest rate of 1 % and an initial maturity of May 1, 2022. During August 2021, the Company received partial loan forgiveness from the SBA reducing the principal balance of the note to \$ 96,795 . During December 2021, the terms of the note were amended to carry an interest rate of 1 % and mature on May 4, 2025. As of December 31, 2023 and 2022, the unpaid balance of the note totaled \$ 39,614 and \$68,347, respectively.

On November 12, 2020, the Company executed a Loan Agreement with certain lenders (the "Lenders") and FVP Servicing LLC ("FVP"), as agent for the Lenders in connection with the issuance of a Note in the amount of \$ 1,000,000 bearing interest at 12 % per annum with an initial maturity of November 12, 2022. Simultaneously, with the execution of the Loan Agreement, the Company also entered into an agreement with an affiliate of FVP to provide certain credit and debit card processing services for the Company, which services will continue for a period of one year after the loan is repaid and contains a right of first refusal to continue to provide such services in the future subject to certain limitations. Mr. Kepler executed a guaranty in favor of FVP in connection with the loan. Proceeds from the loan were used to repay the existing senior secured loan balance of \$ 100,000 along with accrued interest, certain outstanding trade payables in the amount of \$ 133,880 and for general working capital purposes. In addition, the Company granted the Lender a security interest in substantially all of its assets. The note was repaid in full in November 2022.

9. Commitments and Contingencies

The Company leases approximately 2,685 square feet of office space in Dallas Texas pursuant to an office lease with Teachers Insurance and Annuity Association of America that expires on September 30, 2028. During the year ended December 31, 2023, the Company's rental expenses totaled approximately \$ 134,000 .

The table below shows the future lease payment obligations:

Year Ending December 31,	Amount
2024	\$ 89,948
2025	91,122
2026	93,136
2027	95,150
2028	72,495
Thereafter	-
Total remaining lease payments	\$ 441,851
Less: imputed interest	(89,616)
Present Value of remaining lease payments	\$ 352,235
Current	\$ 64,818
Noncurrent	\$ 287,417
Weighted-average remaining lease term (years)	4.76
Weighted-average discount rate	10.00%

The Company is defendant to a lawsuit filed by Feenix Payment Systems, LLC before the New York State Supreme Court, County of New York. The plaintiff seeks damages in the amount of \$ 500,000 from an alleged breach of an exclusivity agreement between the plaintiff and the Company. The Company denies any liability for the alleged breach and intends to defend the matter vigorously. The Company has asserted a counterclaim alleging the plaintiff failed to pay the Company a finder's fee. In addition, the Company is party to threatened or actual litigation occurring in the normal course of business but does not believe that the outcome of these matters could have a material effect on the Company's financial statements.

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Blackboxstocks Inc.
Notes to Financial Statements

The Company has applied for a tax credit under the CARES Act known as an Employee Retention Credit or "ERC" in the amount of \$ 188,760 . All tax forms are subject to audit and if audited, the Company may be denied a portion or all of the ERC applied for if the Internal Revenue Service denies some or all of the claims for the credit as the Company may not have met all of the criteria to be eligible for the credit. No income or receivable has been recorded as the Company does not yet believe that collection of the credit is probable.

On December 12, 2023, the Company entered into a Share Exchange Agreement with Evtec Aluminium, and the Sellers. Upon the terms and subject to the satisfaction of the conditions described in the Share Exchange Agreement, the Company will acquire all of the issued and outstanding Evtec Ordinary Shares, with the result of Evtec Aluminium becoming a wholly-owned subsidiary of the Company. At the Closing, the Sellers will receive shares of common stock of the Company, \$0.001 par value, in exchange for capital shares of Evtec Aluminium based on the Exchange Ratio, which is subject to adjustment in the event Evtec Aluminium raises capital before Closing in excess of \$ 5,000,000 . Immediately following Closing, based upon the Exchange Ratio, the Sellers are expected to collectively own 73.2 % of the aggregate common stock of the Company.

The Exchange Agreement also requires the Company, in cooperation with Evtec Aluminium, to prepare and file with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that will contain an information statement relating to the Stockholder Consent (the "Registration Statement and use reasonable efforts to cause the Registration Statement to become effective as promptly as practicable.

Closing of the Exchange is subject to various customary closing conditions, and, among other things, conditioned upon (i) organization of a wholly-owned corporate subsidiary expected to be known as Blackbox.io Inc. ("Blackbox Operating") to hold Company legacy assets and continue the Company's legacy business operations, (ii) execution of an employment agreement between the Company and Robert L. Winspear, (iii) execution of an Option Agreement by the Company and Gust Kepler for the sale and repurchase of Mr. Kepler's Series A Stock, (iv) effectiveness of the Registration Statement, (v) Evtec Aluminium securing equity financing in the amount of at least \$ 5,000,000 , and (vi) Evtec Aluminium's satisfaction of all obligations set forth in the LOI Amendment. Share. The Exchange Agreement contains certain termination rights for both the Company and Evtec Aluminium, and further provides that upon termination of the Share Exchange Agreement under specified circumstances, the terminating party may be required to pay the other party a termination fee of \$ 500,000 plus up to \$ 250,000 in fees and expenses incurred by such other party.

The Share Exchange Agreement contains customary representations, warranties and covenants of the Company and Evtec Aluminium, including, among others, (i) a covenant to issue contractual contingent value rights agreements (each a "Contingent Value Rights Agreement") to each holder of Company Common Stock immediately prior to Closing, (ii) if mutually agreed, the Company will use commercially reasonable efforts to effect a reverse stock split of its common stock, (iii) organize Blackbox Operating and contribute all current pre-Closing business assets of the Company to Blackbox Operating and cause Blackbox Operating to assume all pre-Closing business liabilities of the Company, subject to certain reservations, and (iv) covenants that require each of the Company and Evtec Aluminium to (A) conduct its business in the ordinary course during the period between the execution of the Exchange Agreement and the Closing or earlier termination of the Share Exchange Agreement, subject to certain exceptions, and (B) not engage in certain kinds of transactions during such period (without the prior written consent of the other). Each of the Company and Evtec Aluminium have agreed not to (i) solicit proposals relating to alternative business combination transactions or (ii) subject to certain exceptions, enter into discussions or negotiations or provide confidential information in connection with any proposals for alternative business combination transactions.

The Exchange will be accounted for a reverse acquisition with Evtec Aluminium being the accounting acquiror Following the Closing, the Company will change its name to Evtec Holdings, Inc. and it is expected that the shares of common stock of the combined organization will be listed on the Nasdaq Capital Market.

10. Income Taxes

The Company accounts for income taxes under ASC 740-10, which provides for an asset and liability approach of accounting for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences, using currently enacted tax laws, attributed to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts are calculated for income tax purposes. The provision (benefit) for income taxes for the years ended December 31, 2023, and 2022, assumes a statutory 21 %, effective tax rate for federal income taxes.

	2023	2022
Federal tax statutory rate	21%	21%
Temporary differences	0%	0%
Permanent differences	- 7%	- 4%
Valuation Allowance	- 14%	- 17%
	0%	0%

The Company had deferred income tax assets as of December 31, 2023, and 2022, as follows:

	2023	2022
Deferred Tax Assets		
Net operating loss carryforwards	\$ 3,655,000	\$ 2,675,000
Temporary differences	9,000	9,000
Permanent differences	(643,000)	(333,000)
Valuation allowance	(3,021,000)	(2,351,000)
Net deferred tax assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The Company provides for a valuation allowance when it is more likely than not that it will not realize a portion of the deferred tax assets. The Company has established a valuation allowance against the net deferred tax asset due to the uncertainty that enough taxable income will be generated in those taxing jurisdictions to utilize the assets. Therefore, the Company has not reflected any benefit of such deferred tax assets in the accompanying financial statements. The Company's net deferred tax asset and valuation allowance increased by \$ 670,000 and \$ 876,000 in the fiscal years ending December 31, 2023, and 2022, respectively.

At December 31, 2023, the Company had approximately \$ 14,387,000 in federal net operating loss carryforwards, substantially all of which are allowed to be carried forward indefinitely and are to be limited to 80% of the taxable income. Pursuant to Internal Revenue Code Section 382, the future utilization of the Company's net operating loss carryforwards to offset future taxable income may be subject to an annual limitation as a result of ownership changes that may have occurred previously or that could occur in the future.

As of December 31, 2023, the Company had no uncertain tax positions, or interest and penalties, that qualify for either recognition or disclosure in the financial statements. The company is subject to U.S. federal, state, and local income tax examinations by tax authorities. The tax return for the fiscal year ended December 31, 2023, has not yet been filed.

Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gust Kepler, certify that:

- (1) I have reviewed this annual report on Form 10-K of Blackboxstocks Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 1, 2024

/s/ Gust Kepler
Gust Kepler
Principal Executive Officer

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Winspear, certify that:

- (1) I have reviewed this annual report on Form 10-K of Blackboxstocks Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 1, 2024

/s/ Robert Winspear
Robert Winspear
Principal Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Blackboxstocks Inc. (the "Company") on Form 10-K for the period ending December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gust Kepler, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Gust Kepler
Gust Kepler
Principal Executive Officer
April 1, 2024

This certification accompanies the Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company or purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Blackboxstocks Inc. (the "Company") on Form 10-K for the period ending December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gust Kepler, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert Winspear
Robert Winspear
Principal Financial Officer
April 1, 2024

This certification accompanies the Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company or purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

BLACKBOXSTOCKS INC.
EXECUTIVE COMPENSATION RECOVERY POLICY

1. Purpose. The Board of Directors (the “Board”) of Blackboxstocks Inc., a Nevada corporation (the “Company”) has adopted this Executive Compensation Recovery Policy (as amended from time to time, the “Policy”) as of March 7, 2024 (the “Adoption Date”). The purpose of this Policy is to describe the circumstances in which Covered Officers will be required to repay, return, or forfeit Erroneously Awarded Compensation to the Company. The Company has adopted this Policy to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as codified by Section 10D of the Exchange Act, Exchange Act Rule 10D-1 promulgated thereunder, and the rules and requirements of Nasdaq (including Rule 5608 of the Nasdaq listing rules) (such legal requirements, and rules and requirements of Nasdaq, collectively, the “SEC/Nasdaq Clawback Rules”).

2. Administration. This Policy shall be administered by the Compensation Committee of the Board (the “Committee”). The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy, and any such determinations made by the Committee shall be in the Committee’s sole discretion and shall be final and binding on all affected individuals. Except as otherwise required by the SEC/Nasdaq Clawback Rules, any determinations of the Committee hereunder need not be uniform with respect to one or more Covered Officers.

3. Definitions. For purposes of this Policy, the following capitalized terms shall have the meanings set forth below:

(a) “Accounting Restatement” shall mean an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements, or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(b) “Clawback-Eligible Incentive Compensation” shall mean all Incentive-Based Compensation Received by any Covered Officer on or after the Nasdaq Effective Date, provided that:

- (i) such Incentive-Based Compensation is Received after such individual began serving as a Covered Officer;
- (ii) such individual served as a Covered Officer at any time during the performance period for such Incentive-Based Compensation;
- (iii) such Incentive-Based Compensation is Received while the Company has a class of securities listed on Nasdaq; and
- (iv) such Incentive-Based Compensation is Received during the applicable Clawback Period.

(c) “Clawback Period” shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company’s fiscal year) of less than nine months within or immediately following those three completed fiscal years.

(d) “Common Stock” shall mean the common stock, par value \$0.001 per share, of the Company.

(e) “Covered Officer” shall mean an individual who is, or was during the Clawback Period, an executive officer of the Company within the meaning of Rule10D-1(d) under the Exchange Act.

(f) “Erroneously Awarded Compensation” shall mean, with respect to any Covered Officer in connection with any Accounting Restatement, the amount of Clawback-Eligible Incentive Compensation Received by such Covered Officer that exceeds the amount of Clawback-Eligible Incentive Compensation that otherwise would have been Received by such Covered Officer had such Clawback-Eligible Incentive Compensation been determined based on the restated amounts as reflected in connection with such Accounting Restatement, taking into account any discretion that the Committee had applied to determine the amount of Clawback-Eligible Incentive Compensation originally Received and computed without regard to any taxes paid.

(g) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(h) “Financial Reporting Measures” shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any other measures that are derived wholly or in part from such measures. For purposes of this Policy, stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the SEC.

(i) “Incentive-Based Compensation” shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(j) “Nasdaq” shall mean the Nasdaq Stock Market, LLC.

(k) “Nasdaq Effective Date” shall mean October 2, 2023 (which is the effective date of the final Nasdaq listing standards).

(l) “Received” shall mean when Incentive-Based Compensation is received, and Incentive-Based Compensation shall be deemed received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if payment or grant of the Incentive-Based Compensation occurs after the end of that period.

(m) “Restatement Date” shall mean the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

(n) “SEC” shall mean the U.S. Securities and Exchange Commission.

4. **Recovery of Erroneously Awarded Compensation.**

(a) In the event that the Company is required to prepare an Accounting Restatement, (i) the Committee shall determine the amount of any Erroneously Awarded Compensation for each applicable Covered Officer (whether or not such individual is serving as a executive officer at such time) (the "Applicable Executives") in connection with such Accounting Restatement, and (ii) the Company will reasonably promptly require the recovery of such Erroneously Awarded Compensation from any such Applicable Executive, and any such Applicable Executive shall surrender such Erroneously Awarded Compensation to the Company, at such time(s), and via such method(s), as determined by the Committee in accordance with the terms of this Policy.

(b) For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, (i) such amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and (ii) the Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

(c) The Committee shall determine, in its sole discretion, the method(s) for recovering any Erroneously Awarded Compensation from any Applicable Executive, which may include one or more of the following:

- (i) requiring one or more cash payments to the Company from such Applicable Executive, including, but not limited to, the repayment of cash Incentive-Based Compensation previously paid by the Company to such Applicable Executive;
- (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards previously made by the Company to such Applicable Executive and/or, subject to applicable legal requirements, otherwise requiring the delivery to the Company of shares of Common Stock held by such Applicable Executive;
- (iii) withholding, reducing or eliminating future cash compensation (including cash incentive payments), future equity awards and/or other benefits or amounts otherwise to be paid or awarded by the Company to such Applicable Executive;
- (iv) offsetting amounts against compensation or other amounts otherwise payable by the Company to any Applicable Executive;
- (v) cancelling, adjusting or offsetting against some or all outstanding vested or unvested equity awards of the Company held by such Applicable Executive; and/or
- (vi) taking any other remedial and recovery actions with respect to such Applicable Executive permitted by applicable legal requirements and the rules and regulations of Nasdaq, as determined by the Committee.

(d) Notwithstanding anything herein to the contrary, the Company shall not be required to recover Erroneously Awarded Compensation from any Applicable Executive pursuant to the terms of this Policy if both (1) the Committee determines that such recovery would be impracticable, and (2) any of the following conditions is met:

(i) the direct expenses paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered, provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement pursuant to this clause (i), the Company has (x) made a reasonable attempt to recover such Erroneously Awarded Compensation, (y) documented such reasonable attempt(s) to recover, and (z) provided such documentation to Nasdaq;

(ii) recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, has provided copy of the opinion is provided to Nasdaq; or

(iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

5. Reporting and Disclosure. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including the disclosures required by applicable SEC filings, and the rules and regulations of Nasdaq.

6. No Indemnification, Etc. The Company shall not (x) indemnify any Covered Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company's enforcement of its rights under this Policy, or (y) pay or reimburse any Covered Officers for insurance premiums to recover losses incurred under this Policy.

7. Supersedure. This Policy will supersede any provisions in (x) any agreement, plan or other arrangement applicable to the Company, and (y) any organizational documents of the Company that, in any such case, (a) exempt any Incentive-Based Compensation from the application of this Policy, (b) waive or otherwise prohibit or restricts the Company's right to recover any Erroneously Awarded Compensation, including, without limitation, in connection with exercising any right of setoff as provided herein, and/or (c) require or provide for indemnification to the extent that such indemnification is prohibited under Section 6 above.

8. Amendment; Termination; Interpretation. The Committee may amend or terminate this Policy at any time, subject to compliance with all applicable legal requirements of the SEC and the rules and requirements of Nasdaq. It is intended that this Policy be interpreted in a manner that is consistent with the SEC/Nasdaq Clawback Rules. This Policy is separate from, and in addition to, any other compensation recovery or recoupment policy of the Company or any applicable provisions of plans, agreements, awards or other arrangements of the Company that provide for the recoupment or recovery of compensation from executive officers that is voluntarily adopted by the Company and intended to provide for discretionary recoupment beyond the scope of this Policy and the SEC/Nasdaq Clawback Rules. Notwithstanding anything in this Section 8 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rules, or the listing rules of Nasdaq.

9. Other Recoupment Rights; No Additional Payments.

(a) Subject to Section 9(b) of this Policy below, any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to (i) the terms of any recoupment provisions in any employment agreement, incentive or equity compensation plan or award or other agreement, (ii) any other legal requirements, including, but not limited to, Section 304 of Sarbanes-Oxley Act of 2002, and (iii) any other legal rights or remedies available to the Company.

(b) Notwithstanding anything herein to the contrary, to prevent duplicative recovery:

(i) to the extent that the amount of any Erroneously Awarded Compensation is recovered from any Covered Officers under this Policy, the Company will not be entitled to recover any such amounts under any other compensation recovery or recoupment policy of the Company or any applicable provisions of plans, agreements, awards or other arrangements of the Company that provide for the recoupment or recovery of compensation from executive officers; and

(ii) to the extent that any Erroneously Awarded Compensation includes any amounts that have been actually reimbursed to the Company from any Applicable Executive pursuant to Section 304 of the Sarbanes-Oxley Act (any such amounts that have been reimbursed to the Company, the "Applicable SOX Recoupment Amount"), the amount of any Erroneously Awarded Compensation to be recovered from any such Applicable Executive shall be reduced by the Applicable SOX Recoupment Amount.

10. Successors. This Policy shall be binding and enforceable against all Covered Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

11. Acknowledgement; Benefits Conditioned on Agreeing to this Policy. Each Covered Officer shall be required to sign and return to the Company, within thirty (30) calendar days following the later of (i) the Adoption Date of this Policy or (ii) the date the individual becomes a Covered Officer, the Acknowledgement Form attached hereto as Exhibit A, pursuant to which such Covered Officer will agree to be bound by the terms of this Policy. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with a Covered Officer shall be deemed to include, as a condition of the grant or receipt of any benefit thereunder, an agreement by the Covered Officer to abide by, and for such Covered Officer and his or her Incentive-Based Compensation to be subject to, the terms of this Policy. For the avoidance of doubt, each Covered Officer will be fully bound by, and must comply with, this Policy, whether or not such Covered Officer has executed and returned such Acknowledgement Form to the Company.

EXHIBIT A

**EXECUTIVE COMPENSATION RECOVERY POLICY
ACKNOWLEDGMENT FORM**

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Blackboxstocks Inc. Executive Compensation Recovery Policy (the "Policy"). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this "Acknowledgement Form") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned and the undersigned's Incentive-Based Compensation are and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. In the event of any inconsistency or conflict between the Policy and any prior, existing, or future employment agreement, compensation plan or program, award agreement, or similar document to which the undersigned is or becomes a party or that otherwise becomes applicable to the undersigned (collectively, "Compensation Arrangements"), the undersigned acknowledges and agrees that the Policy shall govern such Compensation Arrangements and all such Compensation Arrangements are hereby automatically deemed amended to the extent necessary to give effect to the Policy. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by (i) waiving any rights to indemnification or any claim to insurance under a policy paid for by the Company, in either case in connection with the recovery of Erroneously Awarded Compensation under the Policy, and (ii) returning any Erroneously Awarded Compensation to the extent required by the Policy.

Signature: _____

Name: _____

Date: _____